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HON. WHITMAN L. HOLT

HEARING DATE: May 25, 2022
HEARING TIME: 10:00 A.M. (PST)
LOCATION: Telephonic

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Debtors and Debtors in Possession*

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re

Chapter 11

EASTERDAY RANCHES, INC., *et al.*

Lead Case No. 21-00141-WLH11

Jointly Administered

Debtors.¹

**NOTICE OF (I) MODIFIED THIRD
AMENDED JOINT CHAPTER 11 PLAN
OF LIQUIDATION OF THE DEBTORS
AND (II) REVISED DISCLOSURE
STATEMENT**

PLEASE TAKE NOTICE that, on May 11, 2022, the Debtors filed their (i) *Third Amended Joint Chapter 11 Plan of Liquidation of Easterday Ranches, Inc. and Easterday Farms* [Docket No. 1606] (the “Third Amended Plan”) and (ii) *Disclosure Statement for Third Amended Joint Chapter 11 Plan of Liquidation of Easterday*

¹ The Debtors along with their case numbers are as follows: Easterday Ranches, Inc., (21-00141) and Easterday Farms, a Washington general partnership (21-00176).

1 *Ranches, Inc. and Easterday Farms* [Docket No. 1607] (the “Third Amended
2 Disclosure Statement”).

3 **PLEASE TAKE FURTHER NOTICE** that, on May 23, 2022, the Debtors filed
4 their (i) *Modified Third Amended Joint Chapter 11 Plan of Liquidation of Easterday*
5 *Ranches, Inc. and Easterday Farms* [Docket No. 1641] (the “Modified Third Amended
6 Plan”) and (ii) *Disclosure Statement for Modified Third Amended Joint Chapter 11 Plan*
7 *of Liquidation of Easterday Ranches, Inc. and Easterday Farms* [Docket No. 1642] (the
8 “Modified Third Amended Disclosure Statement”). The Modified Third Amended Plan
9 and Modified Third Amended Disclosure Statement incorporate informal comments the
10 Debtors have received to date from various parties in interest, including the United
11 States Trustee, CHS, Inc., and Farmland Reserve, Inc. Moreover, upon information and
12 belief, the Modified Third Amended Disclosure Statement consensually resolves all
13 formal and informal objections to the *Joint Motion for an Order Approving: (I)*
14 *Proposed Disclosure Statement; (II) Solicitation and Voting Procedures; (III) Notice*
15 *and Objection Procedures for Confirmation of Joint Plan of Reorganization; and (IV)*
16 *Granting Related Relief* [Docket No. 966] (the “Solicitation Procedures Motion”).²

17 **PLEASE TAKE FURTHER NOTICE** that (i) attached hereto as Exhibit A is
18 a comparison of the Modified Third Amended Plan to the Third Amended Plan
19 (changed pages only and exhibits omitted) and (ii) attached hereto as Exhibit B is a
20 comparison of the Modified Third Amended Disclosure Statement to the Third
21 Amended Disclosure Statement (changed pages only and exhibits omitted).

22 **PLEASE TAKE FURTHER NOTICE** that the hearing (the “Hearing”) on the
23 Solicitation Procedures Motion has been scheduled for **May 25, 2022 at 10:00 a.m.**
24 **(Pacific Time)**.

25
26 ² The objections to the Solicitation Procedures Motion filed by (i) Rabo AgriFinance
27 LLC [Docket No. 1401], (ii) Weyns Farms and Sunray Farms [Docket No. 1449],
28 and (iii) Pegram Construction, LLC [Docket No. 1461] have been withdrawn. The
Debtors have also been informed by counsel to the Easterday Family [Docket Nos.
1467 and 1470] that the Easterday Family does not object to approval of the
Modified Third Amended Disclosure Statement.

1 **PLEASE TAKE FURTHER NOTICE** that, pursuant to court orders
2 **responding to the COVID-19 pandemic, any party that wishes to address the court,**
3 **or appear without addressing the court, may appear at the Hearing by telephone.**
4 **The telephone conference call-in number is (877) 402-9757, Access Code: 7036041.**

5 DATED: May 24, 2022

BUSH KORNFELD LLP

6 /s/ Thomas A. Buford, III

7 THOMAS A. BUFORD, III (WSBA 52969)
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**Comparison of Modified Third Amended Plan
to Third Amended Plan
(Changed Pages Only and Exhibits Omitted)**

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23 *Attorneys for Debtors and Debtors in Possession*

24 UNITED STATES BANKRUPTCY COURT
25 EASTERN DISTRICT OF WASHINGTON

26 In re

27 EASTERDAY RANCHES, INC., *et al.*
28 Debtors.¹

Chapter 11

Lead Case No. 21-00141-11
Jointly Administered

**MODIFIED THIRD AMENDED JOINT
CHAPTER 11 PLAN OF
LIQUIDATION OF EASTERDAY
RANCHES, INC. AND EASTERDAY
FARMS**

25 ¹ The Debtors along with their case numbers are as follows: Easterday Ranches,
26 Inc. (21-00141) and Easterday Farms, a Washington general partnership
27 (21-00176).
28

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INTRODUCTION¹

The Debtors hereby propose, with the support of the Committees, Tyson, and Segale (each as defined below), the following joint plan of liquidation (this “Plan”), which provides for the resolution of the outstanding Claims and Interests asserted against the Debtors. Reference is made to the Disclosure Statement for (i) a discussion of the Debtors’ history, businesses, properties, results of operations, and financial projections; (ii) a summary and analysis of this Plan; and (iii) certain related matters, including risk factors relating to the consummation of this Plan and Distributions to be made under this Plan. The Debtors are the proponents of the Plan within the meaning of Bankruptcy Code section 1129.

All Holders of Claims who are entitled to vote on the Plan are encouraged to read the Plan and the Disclosure Statement in their entirety before voting to accept or reject the Plan. Subject to certain restrictions and requirements set forth in Bankruptcy Code section 1127, Bankruptcy Rule 3019, and Sections 11.5 and 11.13 of the Plan, the Debtors reserve the right to alter, amend, modify, revoke, or withdraw the Plan prior to its substantial consummation.

No solicitation materials, other than the Disclosure Statement and related materials transmitted therewith, have been approved for use in soliciting acceptances and rejections of this Plan. Nothing in the Plan should be construed as constituting a solicitation of acceptances of the Plan unless and until the Disclosure Statement has been approved and distributed to Holders of Claims to the extent required by Bankruptcy Code section 1125.

ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ CAREFULLY THE DISCLOSURE STATEMENT (INCLUDING ALL EXHIBITS AND SCHEDULES THERETO) AND THE PLAN, EACH IN ITS ENTIRETY, BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.~~**ARTICLE I**~~

¹ A capitalized term used in this Introduction shall have the meanings ascribed to those terms in Article I below.

ARTICLE I

DEFINED TERMS AND RULES OF INTERPRETATION

A capitalized term used in this Plan shall have the meanings set forth in this Article I. Any term that is not otherwise defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules.

1.1 3E: 3E Properties, a Washington general partnership.

1.2 3E-Produce Purchase Price: \$2,274,210.

1.3 3E-Produce Secured Note: The Secured Promissory Note issued jointly by 3E and Produce in favor of the Administrative Agent, as successor in interest to Cody and Debby Easterday, in the original principal amount of the 3E-Produce Purchase Price, in substantially the form attached hereto as **Exhibit B**.

1.4 3E Properties Adversary Proceeding: *Easterday Farms v. 3E Properties, et al.*, Adv. Pro. No. 21-80057-WLH (Bankr. E.D. Wash.).

1.5 Additional Easterday Family Releasing Parties: The parties identified on **Exhibit A** hereto.

1.6 Administrative Agent: B. Riley Advisory Services.

1.7 Administrative Agent Agreement: The *Administrative Agent Agreement* by and between Tyson and Segale, on the one hand, and the Administrative Agent, on the other hand, in substantially the form attached hereto as **Exhibit F**.

1.8 Administrative Claim: A Claim (other than a Professional Fee Claim, but, for the avoidance of doubt, including Ordinary Course Professional Fee Claims) arising under Bankruptcy Code sections 503(b), 507(a)(2), 507(b), or 1114(e)(2), to the extent not previously paid, otherwise satisfied, or withdrawn, including (a) all fees and charges assessed against the Estates under chapter 123 of title 28 of the United States Code and (b) all Section 503(b)(9) Claims.

1.9 Administrative Claims Bar Date: The last date by which any Person must File a request for payment of an Administrative Claim arising on or after April 1, 2022, which date shall be the first Business Day that is at least thirty-five (35) calendar days after the Effective Date, or, alternatively, such earlier date as is set by

1 **1.117 Post-Effective Date Debtors' Causes of Action:** Collectively, all Avoidance
2 Actions and Causes of Action held by the Debtors or the Estates as of the Effective
3 Date that shall be vested in the Post-Effective Date Debtors, in each case as against
4 any Person that is not a Released Party or Exculpated Party. For the avoidance of
5 doubt, the Post-Effective Date Debtors' Causes of Action exclude the North Lot
6 Actions and any Canyon Farm Avoidance Actions.

7 **1.118 Post-Effective Date Debtors' Assets:** Collectively, the Distributable Assets of
8 each Debtor allocable to the respective Post-Effective Date Debtor, including the
9 Causes of Action.

10 **1.119 Post-Effective Date Debtors' Expenses:** Any and all reasonable fees, costs,
11 and expenses incurred by the Plan Administrator not inconsistent with the Plan,
12 including, without limitation, (i) the maintenance or disposition of the Post-Effective
13 Date Debtors' Assets, (ii) Plan Administrator fees, indemnity reserves, attorneys'
14 fees, the fees of professionals, and other Persons retained by the Plan Administrator,
15 (iii) personnel-related expenses, and (iv) any taxes imposed on the Post-Effective
16 Date Debtors' or in respect of the Post-Effective Date Debtors' Assets.

17 **1.120 Post-Effective Date Debtor Farms:** Farms and the Farms Estate after the
18 Effective Date.

19 **1.121 Post-Effective Date Debtor Ranches:** Ranches and the Ranches Estate after
20 the Effective Date.

21 **1.122 Post-Effective Date Indemnified Parties:** The Plan Administrator and their
22 Related Parties, each in their respective capacity as such.

23 **1.123 Postpetition Corporate Actions:** The actions taken on March 12, 2022 by
24 the Easterday Family purporting to remove the Independent Directors and replace
25 them with the Replacement Directors, including the execution by the Easterday
26 Family of (i) a unanimous written consent of the shareholders of Ranches purporting
27 to remove the Independent Directors and (ii) an amendment to the Easterday Farms
28 partnership agreement purporting to replace the Independent Directors with a
manager

1.124 Preference Claim: Any Avoidance Action that may be brought by or on
behalf of the Debtors or the Estates under Bankruptcy Code section 547, or under
related state or federal statutes, or pursuant to any theory or cause of action under
common law, regardless whether such action has been commenced prior to the
Effective Date.

1 **1.138 Released Parties:** Collectively, (a) the Debtors' and their Related Parties, (b)
2 the Easterday Family Released Parties and their Related Parties, (c) the Farms
3 Committee and its Related Parties, (d) the Ranches Committee and its Related
4 Parties, (e) Tyson and its Related Parties, (f) Segale and its Related Parties, and (g)
FRI and its Related Parties.

5 **1.139 Releasing Parties:** ~~The~~ Collectively, (a) the Released Parties ~~and, with; (b) all~~
6 Holders of Claims that (i) vote to accept the Plan and (ii) do not affirmatively opt out
7 of the Third Party Release provided by Section 10.2(a) hereof pursuant to a duly
8 executed Ballot; provided that, notwithstanding anything contained herein to the
9 contrary, in no event shall the Holder of a Claim that (x) does not vote to accept or
10 reject this Plan, (y) votes to reject this Plan, or (z) appropriately marks the Ballot to
11 opt out of the Third Party Release provided in Section 10.2(a) hereof and returns
12 such Ballot in accordance with the Solicitation Procedures Order, be a Releasing
13 Party; and (c) with the respect to the ~~release-of-the~~ Easterday Family Released Parties
14 ~~as set forth herein~~, Releasing Parties shall also include the Additional Easterday
15 Family Releasing Parties.

16 **1.140 Replacement Directors:** Eric Bonnett, Clyde Hamstreet, Mark Calvert, Matt
17 McKinlay, and Stephen Benson.

18 **1.141 Replacement Director Fee:** \$10,000 per Replacement Director.

19 **1.142 Sale Order:** The Bankruptcy Court's Order (A) *Authorizing the Debtors to*
20 *Acquire Certain Assets Owned by the Easterdays; (B) Authorizing the Sale of*
21 *Property Free and Clear of Interests, Including Liens, Claims, Liabilities, and*
22 *Encumbrances; (C) Granting the Buyer the Protections Afforded to a Good Faith*
23 *Purchaser; (D) Approving the Assumption and Assignment of Executory Contracts*
24 *and Unexpired Leases; and (E) Granting Related Relief* [Docket No. 927], as
25 supplemented by the *Supplemental Sale Order Concerning the Initial Paydown*
26 *Amount for Prudential Insurance Company of America* [Docket No. 948].

27 **1.143 Sale Transaction:** Collectively, (a) the Debtors' purchase, to the extent
28 necessary, of the Easterday Family's rights, title and interests in and to the "Easterday
Property" (as such term is defined in the Purchase and Sale Agreement); (b) the
Debtors' sale to FRI of all the "Property" (as such term is defined in the Purchase and
Sale Agreement); (c) FRI's leaseback of the "Property" to the Debtors pursuant to the
Temporary Lease Agreement; and (d) FRI's obligation to contribute the Plan Sponsor
Contribution in support of the consummation of the Plan.

1 **1.154 Temporary Lease Agreement:** The leaseback, effective as of July 30, 2021 by
2 and between FRI, as lessor, and the Debtors, as lessee, that was part of the Sale
3 Transaction evidenced by the Purchase and Sale Agreement and authorized and
4 approved by the Bankruptcy Court pursuant to its entry of the Sale Order. For
5 avoidance of doubt, references in the Plan to the Purchase and Sale Agreement
6 include the Temporary Lease Agreement.

7 **1.155 Third Party Releases:** The releases given on behalf of the Releasing Parties
8 as set forth in Section 10.2(a) herein.

9 **1.156 Tyson:** Tyson Fresh Meats, Inc. and any affiliates, successors, and assigns.

10 **1.157 Tyson Avoidance Action:** Any Causes of Action of the Debtors against
11 Tyson relating to the prepetition transfer of "Customer 3 Cattle" to Tyson worth an
12 estimated \$58,100,000.00.

13 **1.158 Tyson Claims:** All Claims of Tyson against the Debtors.

14 **1.159 Tyson-Segale Preserved Claims:** All Claims of Tyson or Segale against Cody
15 Easterday, including, to the extent applicable, community property assets.

16 **1.160 Unimpaired:** Any Class of Claims that is not impaired within the meaning of
17 Bankruptcy Code section 1124.

18 **1.161 Uninsured Portion:** The portion of any Insured Claim, if any, that is not
19 insured under the Debtors' insurance policies or that is beyond the extent of such
20 coverage.

21 **1.162 Unliquidated Claim:** Any Claim that is Scheduled as unliquidated or that was
22 filed in an unliquidated amount.

23 **1.163 U.S. Trustee:** The Office of the United States Trustee for the Eastern District
24 of Washington.

25 **1.164 Voting Deadline:** The date and time by which all Ballots to accept or reject the
26 Plan must be received in order to be counted under the Disclosure Statement
27 Order. **ARTICLE II**

ARTICLE II

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

2.1 Summary and Classification of Claims. This Section classifies Claims – except for Administrative Claims, Professional Fee Claims, and Priority Tax Claims, which are not classified – for all purposes, including confirmation, Distributions, and voting. A Claim is classified in a particular Class only to the extent that the Claim falls within the Class description. To the extent that part of a Claim falls within a different Class description, that part of the Claim is classified in that different Class. The following table summarizes the Classes of Claims under the Plan:

CLASS	DESCRIPTION	IMPAIRED/ UNIMPAIRED	VOTING STATUS
None	Administrative Claims	Unimpaired	Not Entitled to Vote
None	Professional Fee Claims	Unimpaired	Not Entitled to Vote
None	Priority Tax Claims	Unimpaired	Not Entitled to Vote
Class 1	Secured Claims ²	Unimpaired	Not Entitled to Vote (deemed to accept)
Class 2	Priority Claims	Unimpaired	Not Entitled to Vote (deemed to accept)
Class 3	Farms General Unsecured Claims	Impaired	Entitled to Vote
Class 4	Ranches General Unsecured Claims	Impaired	Entitled to Vote
Class 5	Tyson Claims	Impaired	Entitled to Vote
Class 6	Segale Claims Against Ranches	Impaired	Entitled to Vote
Class 7	Subordinated Claims	Impaired	Not Entitled to Vote (deemed to reject)

² To comply with Bankruptcy Code section 1122(a), each Allowed Secured Claim shall be deemed to be in its own subclass (unless such Holder shares the same Lien on Collateral with a different Holder of another Secured Claim, in which case such Claims shall be deemed to be included together in the same subclass).

1 prescribed in, the Class in which the Bankruptcy Court determines such Claim should
2 have been classified, without the necessity of resoliciting any votes on the
3 Plan.~~ARTICLE III~~

4 ARTICLE III

5 **TREATMENT OF CLAIMS AND EQUITY INTERESTS**

6 **3.1 Unclassified Claims.**

7 **3.1.1 Administrative Claims.** Except as otherwise provided for herein, and
8 subject to the requirements of the Plan, on or as soon as reasonably practicable after
9 the later of (i) the Effective Date and (ii) thirty (30) calendar days following the date
10 on which an Administrative Claim becomes an Allowed Administrative Claim, the
11 Holder of such Allowed Administrative Claim shall receive, in full satisfaction,
12 settlement, and release of and in exchange for such Allowed Administrative Claim,
13 (a) Cash equal to the unpaid portion of such Allowed Administrative Claim or (b)
14 such other less favorable treatment as to which such Holder and the Plan
15 Administrator shall have agreed upon in writing.

16 **3.1.2 Professional Fee Claims.** Professional Fee Claims shall be paid as set
17 forth in Section 12.2 of the Plan.

18 **3.1.3 Priority Tax Claims.** In full satisfaction, settlement, and release of, and
19 in exchange for such Claims, Allowed Priority Tax Claims shall be paid, at the Plan
20 Administrator's option, as follows: (a) Cash equal to the unpaid portion of such
21 Allowed Priority Tax Claim on the later of the Effective Date and thirty (30) calendar
22 days following the date on which such Priority Tax Claim becomes an Allowed
23 Priority Tax Claim; (b) in regular installment payments in Cash over a period not
24 exceeding five (5) years after the Petition Date, plus interest on the unpaid portion
25 thereof at the rate determined under applicable nonbankruptcy law as of the calendar
26 month in which the Effective Date occurs (provided that such election shall be
27 without prejudice to the right to prepay any such Allowed Priority Tax Claim in full
28 or in part without penalty); or (c) such other treatment as to which the Holder of an
Allowed Priority Tax Claim and the Plan Administrator shall have agreed upon in
writing.

25 **3.2 Class 1: Secured Claims.**

26 Classification. Class 1 consists of all Secured Claims against the Debtors,
27 including Secured Tax Claims.

1 Treatment. On, or as soon as reasonably practicable after, the later of (i) the
2 Effective Date and (ii) the date on which a Priority Claim becomes payable pursuant
3 to and as specified by an order of the Bankruptcy Court, the Holder of such Allowed
4 Class 2 Claim shall receive, in full satisfaction, settlement, and release of and in
5 exchange for such Allowed Class 2 Claim, either (a) Cash from the Post-Effective
6 Date Debtors equal to the unpaid portion of such Allowed Priority Claim or (b) such
other less favorable treatment to which such Holder and the Plan Administrator shall
have agreed upon in writing.

7 Voting. Claims in Class 2 are Unimpaired. Each Holder of an Allowed Class
8 2 Claim is conclusively presumed to have accepted this Plan and, therefore, is not
entitled to vote.

9 **3.4 Class 3: Farms General Unsecured Claims.**

10 Classification. Class 3 consists of all Farms General Unsecured Claims.

11 Treatment. On or as soon as practicable after the Effective Date, each Holder
12 of an Allowed Class 3 Claim shall receive, as the sole distribution or dividend by
13 Farms or its Estate under this Plan on account of such Allowed Class 3 Claim, Cash
14 from the Post-Effective Date Debtors in an amount equal to 100% of such Holder's
15 Allowed Class 3 Claim. Allowed Class 3 Claims shall not include any amounts for
16 postpetition interest or attorney's fees with respect to such Class 3 Claims. The Class
17 3 Claims set forth on the Farms GUC Claims Schedule ([Exhibit J to the Plan](#)) shall be
18 Allowed in the amounts set forth in the Farms GUC Claims Schedule for all purposes
19 under the Plan, including for purposes of receiving Distributions under the Plan;
20 *provided that*, for the avoidance of doubt, any Class 3 Claim that is not included on
21 the Farms GUC Claims Schedule but is otherwise Allowed shall be entitled to the full
22 treatment afforded to Class 3 Claims under the Plan. Notwithstanding anything to
the contrary herein, the Debtors or the Post-Effective Date Debtors, as applicable,
shall complete distributions to the Holders of Allowed Class 3 Claims set forth on the
Farms GUC Claims Schedule within seven (7) calendar days after the Effective Date.

23 All Avoidance Actions against Holders of Allowed Farms General Unsecured
24 Claims shall be deemed released and waived upon the Effective Date and shall not be
included in the Post-Effective Date Debtors' Assets.

25 Voting. Class 3 Claims are Impaired and, therefore, each Holder of an
26 Allowed Class 3 Claim is entitled to vote.

1 **5.5 Sale Transaction.** On July 20, 2021, the Bankruptcy Court entered the Sale
2 Order authorizing and approving the two-step Sale Transaction pursuant to which the
3 Debtors acquired, to the extent necessary, all of the Easterday Family's right, title
4 and interest to certain property (as defined under the Purchase and Sale Agreement)
5 and then sold the FRI Assets to FRI, subject only to FRI's agreement to lease back
6 certain of the FRI Assets to the Debtors pursuant to the Temporary Lease Agreement.
7 The Plan presumes that, at Confirmation, the Temporary Lease Agreement shall have
8 terminated on its terms and that to the extent the Debtors or FRI may have claims,
9 rights, or ongoing obligations to each other under the Temporary Lease Agreement
10 that survive the termination, such claims, rights, or ongoing obligations shall have
11 been fully and finally resolved at Confirmation such that any claims, rights or
12 ongoing obligations shall cease to exist on the Effective Date, and that the
13 Post-Effective Date Debtors shall not inherit any claims, rights, benefits, or Causes of
14 Action arising under, relating to, or in connection with the Purchase and Sale
15 Agreement, the Temporary Lease Agreement, or any other agreement relating to the
16 foregoing.

17 Nothing in the Plan is intended to, nor shall be construed to, alter any of the
18 terms and conditions upon which the Sale Transaction was approved as set forth in
19 the Purchase and Sale Agreement or in any agreement referenced in or related to the
20 Purchase and Sale Agreement. Neither the Plan nor the Confirmation Order shall
21 limit or otherwise affect any of the Bankruptcy Court's findings, conclusions, orders,
22 and judgments as set forth in the Sale Order, and insofar as any of the protections
23 afforded FRI by the Sale Order conflict with or contradict certain terms and
24 conditions in the Plan or any findings, conclusions, orders or judgments in the
25 Confirmation Order, the Sale Order shall govern and control with respect to FRI.

26 Notwithstanding anything that may suggest otherwise in the Plan, the Plan
27 Supplement, any Schedule or Exhibit to either of the foregoing, or any other
28 document executed in connection with Confirmation or these Chapter 11 Cases,
neither the Post-Effective Date Debtors nor any Holder of any Claim or Interest shall
have any claim, cause of action, right or recourse against FRI or the FRI Assets on
account of or in connection with the Sale Transaction, the Purchase and Sale
Agreement, the Temporary Lease Agreement, or any other agreement or document
executed in connection with the consummation of the Sale Transaction between and
among FRI, the Debtors and the Easterday Family.

1 (c) retain, compensate, and employ professionals and other Persons to
2 represent the Plan Administrator with respect to and in connection with its rights and
3 responsibilities;

4 (d) establish, maintain, and administer documents and accounts of the
5 Debtors or Post-Effective Date Debtors as appropriate, which shall be segregated to
6 the extent appropriate in accordance with the Plan;

7 (e) maintain, conserve, collect, settle, and protect the Post-Effective Date
8 Debtors' Assets (subject to the limitations described herein);

9 (f) sell, liquidate, transfer, assign, distribute, abandon, or otherwise dispose
10 of the Post-Effective Date Debtors' Assets, including the Distributable Assets and the
11 Net Distributable Assets, or any part thereof or interest therein upon such terms as
12 the Plan Administrator determines to be necessary, appropriate, or desirable;

13 (g) negotiate, incur, and pay the Post-Effective Date Debtors' Expenses;

14 (h) prepare and file any and all informational returns, reports, statements,
15 returns, and other documents or disclosures relating to the Debtors or Post-Effective
16 Date Debtors that are required under the Plan, by any governmental unit, or by
17 applicable law, including but not limited to filing any reports required by the
18 Bankruptcy Code or Bankruptcy Rules that are due to be filed after the Effective
19 Date and paying any fees required by 28 U.S.C. § 1930 that are due to be paid after
20 the Effective Date;

21 (i) compile and maintain the official claims register, including for purposes
22 of making initial and subsequent Distributions under the Plan;

23 (j) take such actions as are necessary or appropriate to wind-down and
24 dissolve the Debtors or the Post-Effective Date Debtors;

25 (k) comply with the Plan, exercise the Plan Administrator's rights, and
26 perform the Plan Administrator's obligations; and

27 (l) exercise such other powers as deemed by the Plan Administrator to be
28 necessary and proper to implement the Plan.

To the extent necessary to give full effect to its administrative rights and
duties under the Plan, the Plan Administrator shall be deemed to be vested with all
rights, powers, privileges, and authorities of (i) an appropriate corporate or
partnership director, officer, or manager of each of the Debtors under any applicable

1 Actions or Causes of Action upon or after Confirmation of the Plan based on the
2 Disclosure Statement, the Plan, or the Confirmation Order, except when such
3 Avoidance Actions or Causes of Action have been expressly released. In addition,
4 the right to pursue or adopt any claims alleged in any lawsuit in which the Debtors or
5 the Plan Administrator is a plaintiff, defendant, or an interested party is fully reserved
as against any Person that is not a Released Party, including the plaintiffs or
co-defendants in such lawsuits.

6 **5.11 Cancellation of Instruments.** Except to the extent necessary to give effect to
7 the treatment of any Holder of an Allowed Claim and except with respect to any
8 executory contracts and unexpired leases that are assumed under the Plan or
9 otherwise assumed and assigned pursuant to a Final Order, any agreement, bond,
10 certificate, contract, indenture, lease, note, security, warrant, or other instrument or
11 document evidencing or creating any indebtedness or obligation of the Debtors shall
12 be deemed cancelled on the Effective Date, and all Liens, mortgages, pledges, grants,
13 trusts, and other interests relating thereto shall be automatically cancelled, and all
14 obligations of the Debtors thereunder or in any way related thereto shall be released,
provided, however, that any of the Interests in Ranches shall be deemed to be held in
trust by the Plan Administrator to the extent necessary for the Plan Administrator to
perform its duties in the Plan.

15 **5.12 Insurance Policies.**

16 **5.12.1 Insurance Policies Remain In Force.** Up to and including their policy
17 expiration date(s), any and all Insurance Policies in effect as of the Effective Date
18 shall remain in full force and effect according to their terms and the coverage
19 obligations of the insurers and third party administrators under such Insurance
20 Policies shall continue following the Effective Date (including any obligations to
pay, defend, and process insured claims).

21 **5.12.2 Insurance Policies; Employment Practice Liability Policies; Similar**
22 **Policies.** Nothing contained in this Plan shall affect or impair the rights of any
23 non-Debtor insured persons covered under any Insurance Policy, which expressly
24 includes any director and officer, employment practices, or similar liability Insurance
25 Policies (including, without limitation, policies for the benefit of the Debtors'
directors, officers, employees, members, managers, or similar persons who served in
such capacity either before or after the Petition Date).

26 **5.13 Settlement of Avoidance Actions Against Tyson.** ~~5.14~~ Notwithstanding
27 anything in the Plan to the contrary, on the Effective Date, all Avoidance Actions and
28 any possible objections, defenses, challenges, setoffs, recoupment, or other basis for

1 required, the actual Distribution made shall reflect a rounding of such fraction to the
2 nearest whole penny (up or down), with half cents or more being rounded up and
3 fractions less than half of a cent being rounded down.

4 **7.8 De Minimis Distributions.** If the amount of Cash to be distributed to the
5 Holder of an Allowed Claim is less than fifty dollars (\$50) on a particular
6 distribution date, the Plan Administrator may hold the Cash distributions to be made
7 to such Holders until the aggregate amount of Cash to be distributed to each
8 applicable Holder is in an amount equal to or greater than fifty dollars (\$50).
9 Notwithstanding the preceding sentence, if the aggregate amount of Cash
distributions owed to any Holder of an Allowed Claim under the Plan never equals or
exceeds fifty dollars (\$50), then the Plan Administrator shall not be required to
distribute Cash to any such Holder.

10 **7.9 No Distributions With Respect to Certain Claims.** Notwithstanding
11 anything in the Plan to the contrary, no Distributions or other consideration of any
12 kind shall be made on account of any Contingent Claim, Disputed Claim, or
13 Unliquidated Claim unless and until such Claim becomes an Allowed Claim, and
14 then only to the extent that such Claim becomes an Allowed Claim and as provided
15 under the Plan for such Allowed Claim. Nonetheless, in undertaking the calculations
16 concerning Allowed Claims under the Plan, including the determination of
17 Distributions due to the Holders of Allowed Claims, each Contingent Claim,
18 Disputed Claim, or Unliquidated Claim shall be treated as if it were an Allowed
19 Claim (which, for Unliquidated Claims, shall mean they shall be treated as if
20 Allowed in such amounts as determined in the reasonable discretion of the Plan
21 Administrator), except that if the Bankruptcy Court estimates the likely portion of
22 such a Claim to be Allowed or authorized or the Bankruptcy Court or the Holder of
23 such Claim and the Plan Administrator otherwise determine the amount or number
24 that would constitute a sufficient reserve for such a Claim, such amount or number as
25 determined by the Bankruptcy Court or by agreement of the Holder of such Claim
26 and the Plan Administrator shall be used with respect to such Claim. Distributions
27 due in respect of a Contingent Claim, Disputed Claim, or Unliquidated Claim shall
28 be held in reserve by the Plan Administrator in one or more Distribution Reserves.
The Plan Administrator may elect to treat any Distribution Reserve as a “Disputed
Ownership Fund,” pursuant to Treasury Regulation section 1.468B-9(c)(2)(ii). As
outlined in this election, Creditors holding such Claims are not treated as transferors
of the money or property transferred to the “Disputed Ownership Fund.” For U.S.
federal income tax purposes, a “Disputed Ownership Fund” is treated as the owner of
all assets that it holds. A “Disputed Ownership Fund” is treated as a C corporation
for purposes of the Internal Revenue Code unless all assets transferred to the

1 Disputed Ownership Fund are passive investment assets for tax purposes, in which
2 case it will be treated as a “qualified settlement fund” for U.S. federal income tax
3 purposes. A “Disputed Ownership Fund” must file all required income and
information tax returns and make all tax payments.

4 **7.10 Distributions and Transfers Upon Resolution of Contingent Claims,**
5 **Disputed Claims, or Unliquidated Claims.** After an objection to a Disputed Claim
6 is resolved or a Contingent Claim or Unliquidated Claim has been determined in
7 whole or in part by a Final Order or by agreement, an amount of Cash held in the
8 Disputed Ownership Fund corresponding to the amount of any resulting Allowed
9 Claim shall be transferred, net of any tax payable by the Disputed Ownership Fund
10 with respect to the transfer, in a taxable transaction to the Holder of the formerly
11 Contingent Claim, Disputed Claim, or Unliquidated Claim. Upon each such
12 resolution of a Claim against the Disputed Ownership Fund and such transfer with
13 respect to any resulting Allowed Claim, any remaining Cash in the Disputed
14 Ownership Fund that had been held with respect to such formerly Contingent Claim,
15 Disputed Claim, or Unliquidated Claim prior to its resolution shall be transferred, net
16 of any tax payable by the Disputed Ownership Fund with respect to such transfers,
17 for payment, allocation, or reserve in accordance with the Plan for (a) unpaid or
18 unutilized amounts for Post-Effective Date Debtors’ Expenses or (b) any
post-Confirmation reserve requirements of the Post-Effective Date Debtors in
connection with the Plan, any agreements, or any Bankruptcy Court orders. To the
extent any such remaining Cash is not so utilized, it shall be considered Net
Distributable Assets and Available Cash for distribution to the Holders of Allowed
Claims in Classes 5 and 6 on a Pro Rata basis, net of any tax payable by the Disputed
Ownership Fund with respect to the respective transfers.

19 **7.11 Delivery of Distributions.** Distributions shall be made by the Plan
20 Administrator to Holders of the Allowed Claims as of the record date set for such
21 Distribution. Distributions to Holders of Allowed Claims shall be made (a) at the
22 addresses set forth in the proofs of claim Filed by such Holders, (b) at the addresses
23 reflected in the Schedules if no proof of claim has been Filed, or (c) at the addresses
24 set forth in any written notices of address changes delivered to the Debtors or the
25 Plan Administrator. If any Holder’s Distribution is returned as undeliverable, no
26 further Distributions to such Holder shall be made unless and until the Plan
27 Administrator is notified of such Holder’s then-current address. The responsibility to
provide the Claims Agent or the Plan Administrator with a current address of a
Holder of an Allowed Claim shall always be the responsibility of such Holder.
Amounts in respect of undeliverable Distributions made by the Plan Administrator
shall be held in trust on behalf of the Holder of the Allowed Claim to which they are

1 payable by the Plan Administrator until the earlier of the date that such undeliverable
2 Distributions are claimed by such Holder and 180 calendar days after the date the
3 undeliverable Distributions were made.

4 **7.12 Application of Distribution Record Date & Other Transfer Restrictions.**

5 At the close of business on the Distribution Record Date, the claims registers for all
6 Claims shall be closed, and there shall be no further changes in the record holders of
7 any Claims. Except as provided herein, the Post-Effective Date Debtors and their
8 Related Parties shall have no obligation to recognize any putative transfer of Claims
9 occurring after the Distribution Record Date and shall be entitled instead to
10 recognize and deal for all purposes hereunder with only those record holders stated
11 on the claims registers as of the close of business on the Distribution Record Date
12 irrespective of the number of Distributions to be made under the Plan to such Persons
13 or the date of such Distributions. In addition, the Post-Effective Date Debtors and
14 their Related Parties shall have no obligation to recognize any putative transfer of
15 General Unsecured Claims occurring at any time prior to the Effective Date to which
16 the Debtors did not expressly consent and shall be entitled instead to recognize and
17 deal for all purposes hereunder with only the Holders of General Unsecured Claims
18 as reflected on the claims registers.

19 **7.13 Withholding, Payment, and Reporting Requirements Regarding**

20 **Distributions.** All Distributions under the Plan shall, to the extent applicable,
21 comply with all tax withholding, payment, and reporting requirements imposed by
22 any federal, state, provincial, local, or foreign taxing authority, and all Distributions
23 shall be subject to any such withholding, payment, and reporting requirements. The
24 Plan Administrator shall be authorized to take any and all actions that may be
25 necessary or appropriate to comply with such withholding, payment, and reporting
26 requirements, including, to the extent such information is not already available to the
27 Plan Administrator, requiring each Holder of a Claim to provide an executed current
28 Form W-9, Form W-8, or similar tax form as a prerequisite to receiving a
Distribution. Notwithstanding any other provision of the Plan, (a) each Holder of an
Allowed Claim that is to receive a Distribution pursuant to the Plan shall have sole
and exclusive responsibility for the satisfaction and payment of any tax obligations
imposed by any governmental unit, including income, withholding, and other tax
obligations, on account of such Distribution, and including, in the case of any Holder
of a Disputed Claim that has become an Allowed Claim, any tax obligation that
would be imposed on the Post-Effective Date Debtors in connection with such
Distribution; and (b) no Distribution shall be made to or on behalf of such Holder
pursuant to the Plan unless and until such Holder has made arrangements reasonably
satisfactory to the Plan Administrator for the payment and satisfaction of such

1 withholding tax obligations or such tax obligation that would be imposed in
2 connection with such Distribution.

3 **7.14 Defenses and Setoffs.** On and after the Effective Date, the Plan Administrator
4 shall have all of the Debtors' and the Estates' rights under Bankruptcy Code section
5 558. Except as otherwise expressly provided in this Plan, nothing under the Plan
6 shall affect the rights and defenses of the Debtors, the Estates, or the Post-Effective
7 Date Debtors in respect of any Claim, including all rights in respect of legal and
8 equitable objections, defenses, challenges, setoffs, or recoupment against such
9 Claims. Accordingly, and except as otherwise expressly provided in this Plan, the
10 Plan Administrator may, but shall not be required to, set off against any Claim or any
11 Allowed Claim, and the payments or other Distributions to be made pursuant to the
12 Plan in respect of such Claim, claims of any nature whatsoever that the Debtors, the
13 Estates, or the Post-Effective Date Debtors, as applicable, may have against the
14 Holder of such Claim; *provided, however*, that neither the failure to do so nor the
15 allowance of any Claim hereunder shall constitute a waiver or release of any such
16 claim or rights that may exist against such Holder.

13 **7.15 Allocation of Distributions.** All Distributions received under the Plan by
14 Holders of Claims shall be deemed to be allocated first to the principal amount of
15 such Claim, as determined for ~~United States~~ U.S. federal income tax purposes, and
16 then to accrued interest, if any, with respect to such Claim through the Petition Date.

16 **7.16 Joint Distributions.** The Plan Administrator may, in its sole discretion, make
17 Distributions jointly to any Holder of a Claim and any other Person that the Plan
18 Administrator has determined to have an interest in such Claim.

18 **7.17 Forfeiture of Distributions.** If the Holder of a Claim fails to cash a check
19 payable to it within the time period set forth in Section 7.5, fails to claim an
20 undeliverable Distribution within the time limit set forth in Section 7.11, or fails to
21 complete and return to the Plan Administrator the appropriate Form W-8 or Form
22 W-9 within 180 calendar days after a request for the completion and return of the
23 appropriate form pursuant to Section 7.13 (or such later time as approved by a
24 Bankruptcy Court order), then such Holder shall be deemed to have forfeited its right
25 to any reserved and future Distributions under the Plan. Any such forfeited
26 Distributions shall be deemed Available Cash for all purposes, notwithstanding any
27 federal or state escheat laws to the contrary.

1 **9.4 Notice of the Effective Date.** Promptly after the occurrence of the Effective
2 Date, the Post-Effective Date Debtors or its agents shall mail or cause to be mailed to
3 all Creditors a notice that informs such Creditors of (i) entry of the Confirmation
4 Order and the resulting confirmation of the Plan; (ii) the occurrence of the Effective
5 Date; (iii) the rejection of executory contracts and unexpired leases pursuant to the
6 Plan, as well as the deadline for the filing of resulting Rejection Claims; (iv) the
7 deadline established under the Plan for the filing of Administrative Claims; and (v)
8 such other matters as the Plan Administrator finds appropriate.

9 **9.5 Payment of Plan Sponsor Contribution.** Promptly after the occurrence of
10 the Effective Date, FRI shall deposit the Plan Sponsor Contribution in one or more
11 deposit accounts at the direction of either (a) the Debtors, (b) the Plan Administrator,
12 or (c) in the event of any disputes between and among the foregoing, an order of the
13 Bankruptcy Court. ~~ARTICLE X~~

14 ARTICLE X

15 **RELEASES, INJUNCTION, AND RELATED PROVISIONS**

16 **10.1 Debtors' Releases.**

17 (a) On the Effective Date and to the fullest extent authorized by
18 applicable law, the Released Parties and their respective property will be
19 expressly, unconditionally, generally, individually, and collectively released,
20 acquitted, and discharged by the Debtors on behalf of themselves, their estates,
21 the Post-Effective Date Debtors, and the Plan Administrator (such that the
22 Post-Effective Date Debtors and Plan Administrator will not hold any Claims or
23 Causes of Action released pursuant to this Plan), for the good and valuable
24 consideration provided by each of the Released Parties, from any and all actions,
25 claims, debts, obligations, rights, suits, damages, Causes of Action, remedies,
26 and liabilities whatsoever, including any derivative or deficiency claims asserted
27 or that could be asserted by or on behalf of the Debtors, whether known or
28 unknown, foreseen or unforeseen, matured or unmatured, existing or
hereinafter arising, in law, equity, contract, tort, or otherwise, by state law
(including Washington State partnership law), statute, violations of federal or
state securities laws, or otherwise, based in whole or in part upon any act or
omission, transaction, or other occurrence or circumstances existing or taking
place prior to or on the Effective Date arising from or related in any way to the
Debtors, any of the Debtors' present or former assets, the Released Parties'
interests in or management of the Debtors, this Plan, the Disclosure Statement,
these Chapter 11 Cases, or the Sale Transaction, including those that the

1 arrangements between the Debtors and any Released Party, this Plan, the
2 Disclosure Statement, the Chapter 11 Cases, or the Sale Transaction, including
3 those that the Debtors, the Post-Effective Date Debtors, or the Plan
4 Administrator would have been legally entitled to assert or that any Holder of a
5 Claim against or interest in the Debtors or any other Entity could have been
6 legally entitled to assert derivatively or on behalf of the Debtors or their Estates,
7 including any deficiency claim under Washington State partnership law, except
8 for (1) Tyson-Segale Preserved Claims, (2) Cody Easterday Preserved Claims,
9 and (2) the right to receive Distributions from the Debtors, the Post-Effective
10 Date Debtors, or the Plan Administrator on account of an Allowed Claim
11 against the Debtors pursuant to this Plan. For the avoidance of doubt, the
12 Releasing Parties shall include (1) the Released Parties, (2) Holders of Interests
13 except as carved out for certain Creditors, and ~~(23)~~ all Holders of Claims that
14 (a) vote to accept the Plan and (b) do not affirmatively opt out of the Third
15 Party Release provided by this section pursuant to a duly executed ballot.
16 Notwithstanding anything to the contrary contained herein, in no event shall an
17 Entity that (1) does not vote to accept or reject this Plan, (2) votes to reject this
18 Plan, or (3) appropriately marks the ballot to opt out of the Third Party Release
19 provided in this section and returns such ballot in accordance with the
20 Solicitation Procedures Order, be a Releasing Party unless they have otherwise
21 agreed to a release.

22 (b) Entry of the Confirmation Order shall constitute the Bankruptcy
23 Court's approval, pursuant to Bankruptcy Rule 9019, of the Third Party
24 Releases set forth in Section 10.2(a) above, which includes by reference each of
25 the related provisions and definitions contained in this Plan, and, further, shall
26 constitute the Bankruptcy Court's finding that the Third Party Releases are: (1)
27 in exchange for the good and valuable consideration provided by the Released
28 Parties; (2) a good-faith settlement and compromise of the Claims released by
the Third Party Releases; (3) in the best interests of the Debtors, their Estates,
and all Holders of Claims and Interests; (4) fair, equitable, and reasonable; (5)
given and made after due notice and opportunity for hearing; and (6) a bar
against any of the Releasing Parties asserting any Claim or Cause of Action
released pursuant to the Third Party Releases.

(c) The foregoing Third Party Releases are an integral component of
the Global Settlement.

1 (e) ALL ENTITIES SHALL BE PRECLUDED FROM ASSERTING
2 AGAINST THE PLAN ADMINISTRATOR, THE POST-EFFECTIVE DATE
3 DEBTORS, THE ADMINISTRATIVE AGENT, AND EACH OF THEIR
4 RESPECTIVE ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR
5 INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY
6 ACT OR OMISSION, TRANSACTION OR OTHER ACTIVITY OF ANY KIND
7 OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE. NOTHING
8 IN THIS SECTION 10.4 SHALL ENJOIN ANY CLAIM OR CAUSE OF ACTION
9 THAT IS NOT RELEASED OR EXCULPATED PURSUANT TO SECTIONS 10.1,
10 10.2, AND 10.3 OF THIS PLAN OR THE CONFIRMATION ORDER.

11 (f) NOTWITHSTANDING ANY OTHER PROVISION OF THIS PLAN
12 TO THE CONTRARY, THE DEBTORS SHALL NOT RECEIVE A
13 DISCHARGE. ~~ARTICLE XI~~

14 ARTICLE XI

15 **RETENTION OF JURISDICTION AND POWER**

16 **11.1 Scope of Retained Jurisdiction and Power.** Under Bankruptcy Code sections
17 105(a) and 1142, and notwithstanding entry of the Confirmation Order and
18 occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy
19 Court, the Bankruptcy Court shall retain jurisdiction and power over all matters
20 arising in, arising under, or related to the Chapter 11 Cases and the Plan to the fullest
21 extent permitted by law, including jurisdiction and power to do the following:

22 (a) except as otherwise Allowed pursuant to the Plan or in the Confirmation
23 Order, Allow, classify, determine, disallow, establish the priority or secured or
24 unsecured status of, estimate, limit, liquidate, or subordinate any Claim, in whole or
25 in part, including the resolution of any request for payment of any Administrative
26 Claim and the resolution of any objections to the allowance or priority of Claims;

27 (b) hear and determine all applications for compensation and reimbursement
28 of expenses of Professionals under the Plan or under Bankruptcy Code sections 327,
328, 330, 331, 363, 503(b), 1103, and 1129(a)(4);

(c) hear and determine all matters with respect to the assumption or
rejection of any executory contract or unexpired lease to which a Debtor is a party or
with respect to which a Debtor may be liable, including, if necessary, the nature or

1 connection with the Chapter 11 Cases (whether or not any or all of the Chapter 11
2 Cases have been closed);

3 (m) except as otherwise limited herein, recover all Estate Assets and
4 Post-Effective Date Debtors' Assets, wherever located;

5 (n) hear and determine matters concerning state, local, and federal taxes in
6 accordance with Bankruptcy Code sections 346, 505, and 1146;

7 (o) hear and determine all disputes involving the existence, nature, or scope
8 of the Debtors' discharge;

9 (p) hear and determine such other matters as may be provided in the
10 Confirmation Order or as may be authorized under, or not inconsistent with, the
Bankruptcy Code and title 28 of the United States Code;

11 (q) resolve any cases, controversies, suits, or disputes related to the
12 Post-Effective Date Debtors, the Plan Administrator, or the Debtors;

13 (r) enforce the Sale Order; and

14 (s) enter a final decree closing the Chapter 11 Cases of the Debtors.

15 **11.2 Non-Exercise of Jurisdiction.** If the Bankruptcy Court abstains from
16 exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction
17 over any matter arising in, arising under, or related to the Chapter 11 Cases, the
18 provisions of this Article XI shall have no effect on, and shall not control, limit, or
19 prohibit the exercise of jurisdiction by any other court having competent jurisdiction
with respect to, such matter. **ARTICLE XII**

20 **ARTICLE XII**

21 **MISCELLANEOUS PROVISIONS**

22 **12.1 Administrative Claims.** Subject to the last sentence of this Section 12.1, all
23 requests for payment of an Administrative Claim arising on or after April 1, 2022
24 must be filed with the Bankruptcy Court no later than the Administrative Claims Bar
25 Date. In the event of an objection to Allowance of an Administrative Claim, the
26 Bankruptcy Court shall determine the Allowed amount of such Administrative Claim.
27 **THE FAILURE TO FILE A MOTION REQUESTING ALLOWANCE OF AN
ADMINISTRATIVE CLAIM ON OR BEFORE THE ADMINISTRATIVE
CLAIMS BAR DATE, OR THE FAILURE TO SERVE SUCH MOTION**

1 **13.2 Recommendation.** The Debtors believe that confirmation and implementation
2 of the Plan are the best alternative under the circumstances and urge all Impaired
3 Creditors entitled to vote on the Plan to vote in favor of and support confirmation of
4 the Plan.

5 Respectfully,

6 **EASTERDAY RANCHES, INC.**

7 By: /s/ Peter Richter
8 Name: Peter Richter
9 Title: Co-Chief Restructuring Officer

10 **EASTERDAY FARMS**

11 By: /s/ Peter Richter
12 Name: Peter Richter
13 Title: Co-Chief Restructuring Officer

14 Submitted by:

15 Dated: May ~~11~~24, 2022

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1 **EXHIBIT B**

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6 **Comparison of Modified Third Amended**

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8 **Disclosure Statement to Third Amended**

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10 **Disclosure Statement**

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13 **(Changed Pages Only and Exhibits Omitted)**

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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re

EASTERDAY RANCHES, INC., *et al.*

Debtors.¹

Chapter 11

Lead Case No. 21-00141-11
Jointly Administered

**DISCLOSURE STATEMENT FOR
THE MODIFIED THIRD AMENDED
JOINT CHAPTER 11 PLAN OF
LIQUIDATION OF EASTERDAY
RANCHES, INC. AND EASTERDAY
FARMS**

**NOTE: THIS DISCLOSURE STATEMENT HAS NOT YET BEEN
APPROVED BY THE BANKRUPTCY COURT AS CONTAINING**

¹ The Debtors along with their case numbers are as follows: Easterday Ranches, Inc. (21-00141) and Easterday Farms, a Washington general partnership (21-00176).

**ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION
1125(A) OF THE BANKRUPTCY CODE**

DISCLAIMER

THIS DISCLOSURE STATEMENT PROVIDES INFORMATION REGARDING THE MODIFIED THIRD AMENDED JOINT CHAPTER 11 PLAN OF LIQUIDATION OF DEBTORS EASTERDAY RANCHES, INC. AND EASTERDAY FARMS, WHICH BANKRUPTCY PLAN THE DEBTORS ARE SEEKING TO HAVE CONFIRMED BY THE BANKRUPTCY COURT. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED FOR PURPOSES OF SOLICITING ACCEPTANCES TO, AND CONFIRMATION OF, THE PLAN AND MAY NOT BE RELIED ON FOR ANY OTHER PURPOSE. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION OR RECOMMENDATION BY THE BANKRUPTCY COURT REGARDING THE FAIRNESS OR THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN DOCUMENTS RELATING TO THE PLAN. IN THE EVENT OF ANY CONFLICT, INCONSISTENCY, OR DISCREPANCY BETWEEN THE TERMS AND PROVISIONS IN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PLAN SHALL GOVERN FOR ALL PURPOSES. ALL HOLDERS OF CLAIMS SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.

THE STATEMENTS CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN. ALTHOUGH THE DEBTORS HAVE MADE AN EFFORT TO DISCLOSE WHERE CHANGES IN PRESENT CIRCUMSTANCES COULD REASONABLY BE EXPECTED TO AFFECT MATERIALLY THE RECOVERIES UNDER THE PLAN, THIS DISCLOSURE STATEMENT IS QUALIFIED TO THE EXTENT CERTAIN EVENTS DO OR DO NOT OCCUR.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE

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EXHIBIT E	Ranches Committee's Statement in Support of the Plan
EXHIBIT F	Farms Committee's Statement in Support of the Plan

GENERAL OVERVIEW AND SUMMARY

This disclosure statement (the “Disclosure Statement”) (a) describes the historical background that led to the bankruptcy cases of Easterday Ranches, Inc. (“Ranches”) and Easterday Farms (“Farms”), debtors and debtors in possession (collectively, the “Debtors”), (b) explains what has happened in the months since the Debtors commenced their bankruptcy cases, and (c) sets forth the treatment of creditors in the Modified Third Amended Joint Chapter 11 Plan of Liquidation of Easterday Ranches, Inc. and Easterday Farms (as amended, modified, or supplemented from time to time pursuant to its terms, the “Plan”). A copy of the Plan is attached hereto as **Exhibit A**.¹ This Disclosure Statement is qualified in all respects by the *express* terms of the Plan.

I. INTRODUCTION

The Debtors in the above-captioned chapter 11 cases (the “Chapter 11 Cases”) hereby submit this Disclosure Statement pursuant to sections 1125 and 1126(b) of title 11 of the United States Code (the “Bankruptcy Code”), in connection with the solicitation of votes on the Plan.

¹ All capitalized terms used but not defined herein shall have the meanings provided to such terms in the Plan. To the extent that a definition of a term in the text of this Disclosure Statement and the definition of such term in the Plan are inconsistent, the definition included in the Plan will control and govern. The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. In the event and to the extent that any provision of the Plan is inconsistent with the provisions of the Disclosure Statement, any other order entered in the Chapter 11 Cases, or any other agreement to be executed by any Person pursuant to the Plan, the provisions of the Plan shall control and take precedence, except as otherwise expressly stated in the Plan; *provided, however*, that the Confirmation Order shall control and take precedence in the event of any inconsistency between the Confirmation Order, any provision of the Plan, and any of the foregoing documents.

1 and the Effective Date occurs, such releases, exculpations and injunctions shall be
2 binding on the Holders of Claims and Interests except as otherwise described in
3 Article IV. D. below.

4 ON THE EFFECTIVE DATE, AND EFFECTIVE AS OF THE EFFECTIVE
5 DATE, THE PLAN WILL BIND, AND WILL BE DEEMED BINDING UPON, ALL
6 HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS AND
7 SUCH HOLDER'S RESPECTIVE SUCCESSORS AND ASSIGNS, TO THE
8 MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW,
9 NOTWITHSTANDING WHETHER OR NOT SUCH HOLDER (I) WILL RECEIVE
10 OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE
11 PLAN, (II) HAS FILED A PROOF OF CLAIM OR INTEREST IN THE CHAPTER
12 11 CASE OR (III) FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR
13 AFFIRMATIVELY VOTED TO REJECT THE PLAN.

14 In these Chapter 11 Cases, the Plan contemplates an orderly liquidation of the
15 remaining assets of both Debtors and the distribution of available assets to Creditors.

16 The Distributable Assets of each Debtor primarily consist of each Debtor's
17 respective interest in the Net Sale Proceeds from the disposition of the Debtors'
18 principal assets, the Plan Sponsor Contribution, certain crops and equipment, Cash,
19 the Post-Effective Date Debtors' Causes of Action⁺² and certain Cash and other
20 contributions to be made by the Easterday Family in connection with the Global
21 Settlement. The estimated recoveries to Creditors set forth in this Disclosure
22 Statement do not take into account potential proceeds of the Post-Effective Date

23
24 ⁺² All Avoidance Actions against Holders of Allowed Farms General Unsecured
25 Claims, Allowed Ranches General Unsecured Claims, Allowed Tyson Claims and
26 Allowed Segale Claims are being resolved through the Plan and shall not be
27 included in the Post-Effective Date Debtors' Causes of Action. Additionally, the
28 Causes of Action shall not include the North Lot Actions or the Canyon Farm
Avoidance Actions. As a result, the Debtors do not anticipate that there will be
any material Post-Effective Date Debtors' Causes of Action.

**THE PROJECTED RECOVERIES FOR THE CLAIMS SET FORTH IN
THE TABLE BELOW ARE ESTIMATES ONLY AND ACTUAL
RECOVERIES MAY DIFFER.**

Class	Description	Impaired/ Unimpaired	Projected Recovery
None	Administrative Claims	Unimpaired (deemed to accept)	100%
None	Professional Fee Claims	Unimpaired (deemed to accept)	100%
None	Priority Tax Claims	Unimpaired (deemed to accept)	100%
Class 1	Secured Claims ²³	Unimpaired (deemed to accept)	100%
Class 2	Priority Claims	Unimpaired (deemed to accept)	100%
Class 3	Farms General Unsecured Claims	Impaired (entitled to vote)	100% (\$18.5 million)
Class 4	Ranches General Unsecured Claims	Impaired (entitled to vote)	71% 65.3% (\$2.82.6 million)
Class 5	Tyson Claims	Impaired (entitled to vote)	28% 23.6% (\$ 65.9 61.6

²³ To comply with Bankruptcy Code section 1122(a), each Allowed Secured Claim shall be deemed to be in its own subclass (unless such Holder shares the same Lien on Collateral with a different Holder of another Secured Claim, in which case such Claims shall be deemed to be included together in the same subclass).

Class	Description	Impaired/ Unimpaired	Projected Recovery
			million) }]
Class 6	Segale Claims Against Ranches	Impaired (entitled to vote)	[41%] [34.5% (\$3.22.7 million)}]
Class 7	Subordinated Claims	Impaired (deemed to reject)	No Recovery
Class 8	Intercompany Claims	Impaired (deemed to accept as plan proponent)	No Recovery
Class 9	Interests	Impaired (deemed to reject)	No Recovery

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF CLAIMS AGAINST THE DEBTORS AND THUS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

B. Plan Voting Instructions and Procedures

1. Voting Rights

Under the Bankruptcy Code, only classes of claims or interests that are “impaired” and that are not deemed as a matter of law to have rejected a plan under Bankruptcy Code section 1126 are entitled to vote to accept or reject such plan. Any class that is “unimpaired” is not entitled to vote to accept or reject a plan and is conclusively presumed to have accepted such plan. As set forth in Bankruptcy Code section 1124, a class is “impaired” if the legal, equitable, or contractual rights attaching to the claims or equity interests of that class are modified or altered by the proposed plan. Holders of claims or interests within an impaired class are entitled to

1 proof of claim to be entitled to participate in the Chapter 11 Cases or to receive a
2 Distribution under the Plan.³⁴

3 On February 12, 2021, the Bankruptcy Court entered its *Order (I) Extending*
4 *and Establishing the Debtors' Deadlines to File Schedules and Statements of*
5 *Financial Affairs; (II) Extending and Establishing Deadlines by Which Proofs of*
6 *Claim Must Be Filed; and (III) Granting Related Relief* [Docket No. 139] (the "Bar
7 Date Order"), establishing May 28, 2021 as the General Claims Bar Date.

8 As of July 31, 2021, approximately 112 proofs of claim appeared on the
9 official claims register for Ranches, and approximately 150 proofs of claim appear on
10 the official claims register for Farms, although some of those claims have been
11 withdrawn or superseded by other claims. The Debtors have not completed claim
12 reconciliation work and do not anticipate doing so before the Effective Date of the
13 Plan.

14 **F. Cash Collateral Motions**

15 In order to continue operations during the Bankruptcy Cases, including with
16 respect to the feeding and maintenance of the cattle being cared for by Ranches, each
17 Debtor sought the right to use its cash collateral in accordance with the terms of a
18 budget agreed to with certain of the secured parties, including WTB and CHS, and
19 providing adequate protection to the secured creditors for any diminution in the value
20 of their collateral during the pendency of the Bankruptcy Cases.

21 On March 25, 2021, the Bankruptcy Court entered a Final Order approving the
22 use of the cash collateral of Ranches and a Final Order approving the use of the cash
23 collateral of Farms. In connection with the Cash Collateral Orders, the Bankruptcy
24

25 ³⁴ A Creditor claiming to hold a prepetition Claim who neither files a proof of claim
26 nor has its Claim set forth in the Schedules as being other than contingent,
27 unliquidated or disputed, and whose Claim is not expressly Allowed under the
28 Plan or in the Confirmation Order, has no right to payment or Distribution under the Plan.

1 Court provided for adequate protection of the secured parties, including replacement
2 liens, adequate protection liens, and adequate protection claims for any diminution in
3 value as set forth in the Cash Collateral Orders. Notably, the budget for Farms that
4 was approved by the Bankruptcy Court, and subsequently extended without objection
5 from WTB, included funding of a “wheat plan” so that the Debtors’ agricultural lands
6 could be preserved and the value maximized therefrom.

7 **G. Lindsay Canyon Term Sheet and DIP Loan**

8 Canyon Farm II, LLC (“Canyon Farm II”) was the landlord and Farms was the
9 tenant under that certain *Amended and Restated Farm Lease* dated effective as of
10 March 1, 2019 (together with all amendments, assignments, renewals, replacements,
11 supplements and other modifications thereto, the “Canyon Farm II Lease”). Pursuant
12 to the Canyon Farm II Lease, Canyon Farm II leased to Farms the Farmland (as
13 defined in the Canyon Farm II Lease) through December 31, 2028. The Farmland
14 consisted of approximately 6,557 acres, of which 5,193 acres were irrigated, in
15 Morrow County, Oregon situated on what is commonly referred to as the Lindsay
16 Canyon Farm.

17 The Canyon Farm II Lease was cross-defaulted with certain other agreements
18 with non-debtor Dairy, including, but not limited to, the following (each as defined in
19 the Canyon Farm II Lease): (i) Permit Documents, (ii) Post-Closing Agreement, (iii)
20 Loan Documents, (iv) Manure Easement, (v) Farmland Development Agreement, and
21 (vi) Roadway Easements.

22 After the Petition Dates, the Debtors and their professionals engaged in
23 discussions with the parties regarding various outstanding issues and disputes
24 regarding the Canyon Farm II Lease and reached an agreement on a term sheet (the
25 “Lindsay Canyon Term Sheet”) to resolve the outstanding issues. The Debtors filed
26 a motion, which was granted, seeking approval of the Lindsay Canyon Term Sheet.⁴⁵

27 ⁴⁵ The motion seeking approval of the Lindsay Canyon Term Sheet and related relief
28 can be found at Docket No. 465. The Order approving Debtors’ entry into the

1 Action, the CFTC seeks injunctive relief, restitution, a civil monetary penalty, and
2 other relief against Ranches.

3 During the pendency of its Chapter 11 Case, Ranches negotiated a resolution
4 of the CFTC Action with the CTFC in accordance with the terms of a consent order,
5 agreed to by Ranches and the CFTC (the “CFTC Consent Order”). The primary
6 terms of the CFTC Consent Order include the following:

- 7 • *Declaratory Relief:* Ranches stipulated to the violation of (i) Section 6(c) of
8 the Commodities Exchange Act, 7 U.S.C. §§ 1-26 (2018) and 17 C.F.R. §
9 180.1(a)(1)-(3) (2020) in connection with the submission of fraudulent
10 invoices to Tyson; (ii) Section 9(a)(4) of the Commodities Exchange Act, 7
11 U.S.C. § 13(a)(4) (2018) in connection with the submission of fraudulent
12 statements to a registered entity; and (iii) Section 4a(e) of the Commodities
13 Exchange Act, 7 U.S.C. § 6a(e) (2018) in connection with the submission
14 of fraudulent hedge position-limit exemption applications.
- 15 • *Injunctive Relief:* Ranches is permanently restrained from directly or
16 indirectly (i) engaging in fraudulent or deceptive actions in violation of the
17 Commodities Exchange Act; (ii) applying for or claiming exception from
18 registration with the CFTC; and (iii) engaging in, or acting on behalf of
19 another that is registered or exempt from registration with the CFTC, any
20 activity requiring registration with the CFTC, except as provided for in 17
21 C.F.R. § 4.14(a)(9).
- 22 • *Monetary Claims and Penalties:* Ranches is required to provide Tyson
23 restitution through the allowance of a pre-petition general unsecured claim
24 in the amount of \$233,008,042 (the “CFTC Claim”), which shall be
25 subordinated to all other Allowed General Unsecured Claims that are not
26 otherwise subordinated.⁵⁶

27 Ranches filed a *Motion to Approve Settlement with Commodity Futures Trading*
28 *Commission under Fed. R. Bankr. P. 9019* [Docket No. 1203] (the “CFTC 9019
Motion”) seeking Bankruptcy Court approval of the settlement with the CFTC. The

⁵⁶ The CFTC Claim is classified as an Allowed Subordinated Claim in Class 9 of the Plan.

1 rights, or ongoing obligations shall have been fully and finally resolved at
2 Confirmation, and that the Post-Effective Date Debtors shall not inherit any claims,
3 rights, benefits, or Causes of Action arising under, relating to, or in connection with
4 the Purchase and Sale Agreement, the Temporary Lease Agreement, or any other
5 agreement relating to the foregoing.

6 The Sale Transaction closed on July 30, 2021. The Cash sale proceeds paid at
7 the closing of the sale were used to make certain payments or placed in the Escrow
8 Account.

9 As part of the Purchase and Sale Agreement, FRI also agreed, as a post-closing
10 matter, that following the closing of the Sale Transaction, and entry of a Final Order
11 confirming a plan consistent with the Sale Order, FRI will deposit \$5 million in a
12 segregated account of the Debtors to satisfy administrative expenses incurred by the
13 Debtors' estates in connection with and relating to the preparation, confirmation and
14 consummation of such plan.

15 Nothing in the Plan, other than Section 9.5 of the Plan, is intended to, nor shall
16 be construed to, alter any of the terms and conditions upon which the Sale
17 Transaction was approved as set forth in the Purchase and Sale Agreement or in any
18 agreement referenced in or related to the Purchase and Sale Agreement. Neither the
19 Plan nor the Confirmation Order shall limit or otherwise affect any of the Bankruptcy
20 Court's findings, conclusions, orders, and judgments as set forth in the Sale Order,
21 and insofar as any of the protections afforded FRI by the Sale Order conflict with or
22 contradict certain terms and conditions in the Plan or any findings, conclusions,
23 orders or judgments in the Confirmation Order, the Sale Order shall govern and
24 control with respect to FRI.

25 Notwithstanding anything that may suggest otherwise in the Plan, the Plan
26 Supplement, any Schedule or Exhibit to either of the foregoing, or any other
27 document executed in connection with Confirmation or these Chapter 11 Cases,
28

1 neither the Post-Effective Date Debtors nor any Holder of any Claim or Interest shall
2 have any claim, cause of action, right or recourse against FRI or the FRI Assets on
3 account of or in connection with the Sale Transaction, the Purchase and Sale
4 Agreement, the Temporary Lease Agreement, or any other agreement or document
5 executed in connection with the consummation of the Sale Transaction between and
6 among FRI, the Debtors and the Easterday Family.

7 **P. Treatment of Prudential and Equitable Secured Claims**

8 Prudential and Equitable Life each asserted that they were entitled under their
9 respective loan documents to certain prepayment premiums (the “Prepayment
10 Premiums”) and have also asserted that they are entitled to interest at the applicable
11 default rate of interest in their respective loan documents (the “Default Interest
12 Amounts”). The Debtors and the Partners disputed whether either Prudential or
13 Equitable Life were entitled to the Prepayment Premiums or the Default Interest
14 Amounts.

15 In order to resolve the objections of Prudential and Equitable Life to the Sale
16 Transaction, the Debtors, the Partners, Equitable Life and Prudential agreed, and the
17 Sale Order reflects, that, upon closing of the sale, (i) Prudential and Equitable Life
18 would be paid at closing of the Sale Transaction the full amount of their then
19 outstanding (a) principal, non-default interest, and the reasonable fees and charges
20 due and owing under their respective loan agreements (the “P&I Amount”) and (b)
21 the Default Interest Amount (as defined in the Sale Order, and together with the P&I
22 Amount, the “Initial Paydown Amount”), (ii) the Debtors would escrow (a) the
23 amount of the Prepayment Premiums, (b) a reasonable estimate of the fees and
24 expenses Equitable Life or Prudential incurred relating to the determination of any
25 Mortgage Challenge (the “Fee Escrow Amount”), and (c) the non-default interest and
26 default interest that might have accrued pending such determination (the “Escrowed
27
28

1 1284] and Disclosure Statement for the First Amended Joint Chapter 11 Plan of
2 Liquidation of Easterday Ranches, Inc. and Easterday Farms [Docket No. 1283].

3 On December 28, 2021, the Debtors filed a motion to further extend their plan
4 filing and solicitation exclusivity deadlines by an additional 120 days to May 2, 2022
5 and June 6, 2022, respectively. [Docket No. 1317]. The Bankruptcy Court granted
6 the order on February 11, 2022 [Docket No. 1408]

7 On February 2, 2022, the Debtors filed their *Second Amended Joint Chapter*
8 *11 Plan of Liquidation of Easterday Ranches, Inc. and Easterday Farms* [Docket No.
9 1383] and Disclosure Statement for the *Second Amended Joint Chapter 11 Plan of*
10 *Liquidation of Easterday Ranches, Inc. and Easterday Farms* [Docket No. 1382].

11 On April 20, 2022, the Debtors filed a motion to further extend their plan filing
12 and solicitation exclusivity deadlines by an additional 120 days to July 1, 2022 and
13 September 5, 2022, respectively. [Docket No. 1559]. The Bankruptcy Court granted
14 the order on May 16, 2022 [Docket No. 1620].

15 On May 11, 2022, the Debtors filed their *Third Amended Joint Chapter 11*
16 *Plan of Liquidation of Easterday Ranches, Inc. and Easterday Farms* [Docket No.
17 1606] and ~~this~~the Disclosure Statement *Third Amended Joint Chapter 11 Plan*
18 *of Liquidation of Easterday Ranches, Inc. and Easterday Farms* [Docket No. 1607].⁷

19 S. Tyson Derivative Standing Motion

20 On August 9, 2021, Tyson filed a motion (the “Derivative Standing Motion”)
21 seeking an order authorizing Tyson to prosecute—on behalf of, and for the benefit
22 of, the Easterday Ranches’ Estate—fraudulent transfer claims arising from Easterday
23

24
25 ⁷ On May 24, 2022, the Debtors filed their *Modified Third Amended Joint Chapter*
26 *11 Plan of Liquidation of Easterday Ranches, Inc. and Easterday Farms* [Docket
27 No. 1606] and this Disclosure Statement.

1 On February 18, 2022, the Debtors filed a motion [Docket No. 1433] (the
2 “CHS 9019 Motion”) to approve that certain Settlement Agreement between the
3 Debtors and CHS, Inc. (the “CHS Settlement Agreement”) in full resolution of the
4 claims asserted by CHS, Inc. and each of its affiliates and subsidiaries, including
5 CHS Hedging, LLC and CHS Capital, LLC (collectively, the “CHS Parties”) against
6 the Debtors. The CHS Settlement Agreement is a full settlement among the Debtors
7 and the CHS Parties that resolves numerous inbound and outbound claims, such as (i)
8 claims asserted by the CHS Parties against the Debtors on account of feed and fuel
9 supplies and (ii) claims asserted by the Debtors against the CHS Parties relating to
10 their role in the hedging activities. Under the terms of the CHS Settlement
11 Agreement, the Debtors were to receive \$7.4 million and a release of any claims by
12 the CHS Parties, thereby avoiding years of protracted and expensive litigation.

13 On March 11, 2022, the Easterday Family filed objections [Docket Nos. 1465
14 and 1468] (together, the “Easterday WTB Objections”) to the WTB 9019 Motion,
15 asserting, among other things, that the terms of the settlement (i) are not reasonable,
16 appropriate, fair or equitable, (ii) are designed to exert maximum pressure on the
17 Easterday Family by assigning the deficiency claims against them to the Debtors’
18 Estates, and (iii) are the product of conflicts of interest between the Debtors and
19 breaches of their various fiduciary duties. On March 11, 2022, Cody and Debby
20 Easterday filed an objection [Docket No. 1466] to the CHS 9019 Motion, to which
21 Karen Easterday joined [Docket No. 1469] (together, the “Easterday CHS
22 Objections”), on the basis that they have an ownership interest in the accrued
23 patronage (one element of the settlement). The Debtors opposed the Easterday CHS
24 Objections. *See* Docket No. 1476. The Debtors also opposed the Easterday WTB
25 Objections. *See* Docket No. 1477.

26 As part of the Global Settlement, the Easterday Family agreed to withdraw the
27 Easterday CHS Objections and the Easterday WTB Objections, subject to certain
28

1 modifications to the WTB Settlement Agreement. The Bankruptcy Court approved
2 the WTB Settlement on April 21, 2022 (the “WTB Settlement Order”) and the CHS
3 Settlement [Agreement](#) on April 20, 2022 (the “CHS Settlement Order”). The Debtors
4 effectuated the WTB Settlement Order and CHS Settlement Order in accordance with
5 their terms. As a result, the claims of WTB and CHS are not addressed in the Plan.

6 **W. The Post-petition Corporate Actions and Governance Adversary**
7 **Proceeding**

8 On March 12, 2022, the Easterday Family took action to remove the individual
9 members of the Board of Directors for each of the Debtors (collectively, the
10 “Independent Directors”) and install replacement directors and managers (the
11 “Replacement Directors and Officers”). More particularly, the members of the
12 Easterday Family executed (i) a unanimous written consent of the shareholders of
13 Ranches to remove the Independent Directors and (ii) an amendment to the Easterday
14 Farms partnership agreement to replace the Independent Directors with a manager
15 (together, the “Post-petition Corporate Actions”).

16 On March 14, 2022, the Debtors filed that certain *Complaint for Injunctive*
17 *Relief* against the Easterday Family, which initiated Adversary Proceeding No.
18 22-80008 (the “Governance Adversary Proceeding”). In the Governance Adversary
19 Proceeding, the Debtors seek, *inter alia*, declaratory and injunctive relief with respect
20 to the Post-petition Corporate Actions. Concurrently with initiating the Governance
21 Adversary Proceeding, the Debtors filed a motion [Governance Adv. Pro. Docket No.
22 2] (the “TRO Motion”) seeking a temporary restraining order and preliminary
23 injunction with respect to the Post-petition Corporate Actions. The Easterday Family
24 filed responses and declarations in opposition to the TRO Motion. *See* Governance
25 Adv. Pro Docket Nos. 11-13, 15-17. Tyson filed a joinder in support of the TRO
26 Motion. *See* Governance Adv. Pro. Docket No. 10.

On March 16, 2022, the Bankruptcy Court conducted a hearing (the “TRO Hearing”) on the TRO Motion and ruled to, *inter alia*, maintain the status quo pending a full evidentiary hearing to be conducted on April 18, 2022 (the “PI Hearing”). Following the TRO Hearing, the Debtors and Easterday Family submitted competing orders incorporating their respective understandings of the Bankruptcy Court’s ruling and their agreements at the TRO Hearing. *See* Governance Adv. Pro. Docket No. 26. Thereafter, the Bankruptcy Court entered that certain *Scheduling and Abatement Order* [Governance Adv. Pro. Docket No. 27] (the “Scheduling and Abatement Order”), based upon the Debtors’ proposed form of order with a number of material revisions.⁶⁸ Thereafter, Karen Easterday filed a motion seeking reconsideration of the Scheduling and Abatement Order, which the Debtors opposed. *See* Governance Adv. Pro. Docket Nos. 28, 29. As part of the Global Settlement, the Debtors and the Easterday Family are resolving the Governance Adversary, and, on the Effective Date of the Plan, the Governance Adversary will be deemed dismissed with prejudice.

X. Global Settlement

Following a months’ long, extensive, arm’s-length, and exceptionally hard-fought negotiation and litigation process, the Debtors and the Easterday Family, along with the support and consent of the other Settlement Parties (including both Committees), entered into the Global Settlement Term Sheet. The entry of the Debtors into the Global Settlement Term Sheet was approved by the Bankruptcy Court on April 20, 2022 [Docket No. 1560]. The Global Settlement Term Sheet provides for a consensual framework that has been incorporated into the Plan,

⁶⁸ The Scheduling and Abatement Order was entered in the Chapter 11 Cases, the Allocation Adversary, and the 3E Properties Adversary Proceeding.

1 resolving all material disputes and issues among the Settling Parties as of the
2 Effective Date. The material terms of the Global Settlement are set forth below.⁷⁹
3

- 4 • **Proceeds from FRI Sale:** Other than the Karen Easterday Settlement
5 Amount, the Easterday Family shall release any and all interests in the Net
6 Sale Proceeds;
- 7 • **The Karen Easterday Settlement Amount:** Upon the Effective Date, and
8 in satisfaction of Karen Easterday's claims asserted in the Allocation
9 Adversary proceeding, Farms will pay \$6 million to Karen Easterday
10 reduced by the Basin City Cash Purchase Price (\$4.2 million) and the Idaho
11 Contribution (\$669,300). The remaining \$1,130,700 of the Karen
12 Easterday Settlement Amount will be applied to the Easterday Dairy LLC
13 Note and BC 140 LLC Secured Guaranty, such that the net cash payment by
14 Farms on account of the Karen Settlement Amount will be \$0;
- 15 • **The Karen Easterday Secured Note:** On the Effective Date, Karen
16 Easterday will issue the Karen Easterday Secured Note to the
17 Administrative Agent to be held for the benefit of the Holders of Allowed
18 Claims in Classes 5 and 6. The Karen Easterday Secured Note will be in the
19 amount of \$5 million with 3% simple interest paid at maturity, which will
20 occur two years after the Effective Date. The Karen Easterday Secured
21 Note will be secured by a first deed of trust or mortgage on Karen
22 Easterday's Franklin County, Washington home and surrounding property;
- 23 • **The Idaho Contribution:** On account of a property in Kootenai County,
24 Idaho in which Karen Easterday owns an interest, Karen Easterday will
25 provide, on the Effective Date of the Plan, an additional payment to the
26 Debtors equal to \$669,300.00, which represents 30% of the difference
27 between the Appraised Value (\$9,231,000) and the negotiated Baseline
28 Value (\$7 million). The Idaho Contribution shall be paid as a reduction of
the Karen Easterday Settlement Amount.
- **The Basin City Sale:** On the Effective Date, Cody and Debby Easterday
shall sell their interests in the Basin City Properties to BC 140 LLC, for the

⁷⁹ The following summary of the terms of the Global Settlement is intended for
illustrative purposes only. Accordingly, to the extent that the following summary
diverges from the terms of the Global Settlement Term Sheet, the Global
Settlement Term Sheet controls.

1 **ix. Class 6: Segale Claims.**

2 Classification. Class 6 consists of all Segale Claims against Ranches.⁸¹⁰

3 Treatment. Segale shall have an Allowed Class 6 Claim in the amount of
4 \$7,830,641. On or as soon as practicable after the Effective Date, each Holder of an
5 Allowed Class 6 Claim shall receive (a) its Pro Rata share of the Class 6 Initial
6 Payment ([\$922,000]), (b) its Pro Rata share of the Class 6 Net Distributable Assets
7 (subject to any Distribution Reserve), and (c) its Pro Rata share of the proceeds of the
8 Easterday Family Contribution Instruments.

9 All Estate claims against Segale, including any Avoidance Actions, shall be
10 deemed released and waived upon the Effective Date.

11 The Holders of Allowed Class 6 Claims shall not have any interest in the North
12 Lot Actions.

13 **x. Class 7: Subordinated Claims.**

14 Classification. Class 7 consists of all Subordinated Claims.

15 Treatment. Holders of Class 7 Claims shall not receive any payment on
16 account of their Claims.

17 Voting. Each Holder of a Class 7 Claim will be deemed to have rejected the
18 Plan and, therefore, is not entitled to vote to accept or reject the Plan.

19 **xi. Class 8: Intercompany Claim.**

20 Classification. Class 8 consists of all Intercompany Claims.

21 Treatment. Holders of Allowed Class 8 Claims shall not receive any payment
22 on account of their Claims.

23 Voting. Each Holder of a Class 8 Claim is a proponent of the Plan and will
24 therefore conclusively be deemed to have accepted this Plan.

25 **xii. Class 9: Interests.**

26
27 ⁸¹⁰ For the avoidance of doubt, Segale shall also have an Allowed Class 3 Claim that
28 shall receive the same treatment as other Allowed Class 3 Claims.

Chapter 11 Cases, or the Sale Transaction, including those that the Debtors, the Post-Effective Date Debtors, or the Plan Administrator would have been legally entitled to assert or that any Holder of a Claim against or interest in the Debtors or any other Entity could have been legally entitled to assert derivatively or on behalf of the Debtors or their Estates, including any deficiency claim under Washington State partnership law, except for (1) Tyson-Segale Preserved Claims, (2) Cody Easterday Preserved Claims, and ~~(23)~~ the right to receive Distributions from the Debtors, the Post-Effective Date Debtors, or the Plan Administrator on account of an Allowed Claim against the Debtors pursuant to this Plan. For the avoidance of doubt, the Releasing Parties shall include (1) the Released Parties, (2) Holders of Interests except as carved out for certain Creditors, and ~~(23)~~ all Holders of Claims that (a) vote to accept the Plan and (b) do not affirmatively opt out of the Third Party Release provided by this section pursuant to a duly executed ballot. Notwithstanding anything to the contrary contained herein, in no event shall an Entity that (1) does not vote to accept or reject this Plan, (2) votes to reject the Plan, or (3) appropriately marks the ballot to opt out of the Third Party Release provided in this section and returns such ballot in accordance with the Solicitation Procedures Order, be a Releasing Party unless they have otherwise agreed to a release.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Third Party Releases set forth in Section 10.2 of the Plan, which includes by reference each of the related provisions and definitions contained in the Plan, and, further, shall constitute the Bankruptcy Court's finding that the Third Party Releases are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good-faith settlement and compromise of the Claims released by the Third Party Releases; (3) in the best interests of the Debtors, their Estates,

1 the Post-Effective Date Debtors Causes of Action. The Plan Administrator will make
2 Distributions of Cash to Creditors. After the initial Distributions, the Plan
3 Administrator may also may make, in its discretion, periodic Distributions of
4 additional Net Distributable Assets, including from the release of any Distribution
5 Reserve, to the Holders of Allowed Claims as provided for in the Plan at any time
6 following the Effective Date.

7 **1. Estimated Recoveries for Ranches General Unsecured Claims**
8 **(Class 4), Tyson (Class 5) and Segale (Class 6)**

9 On or as soon as practicable after the Effective Date, Holders of Allowed Class
10 4 Claims (Ranches General Unsecured Claims) shall receive (a) their Pro Rata share
11 of the Class 4 Initial Payment (subject to any Distribution Reserve) and (b) their Pro
12 Rata share of the Class 4 Net Distributable Assets. The Holders of Allowed Class 4
13 Claims shall not have any interest in any of the Easterday Family Contribution
14 Instruments.

15 On or as soon as practicable after the Effective Date, Holders of Allowed Class
16 5 Claims (Tyson) shall receive (a) their Pro Rata share of the Class 5 Initial Payment
17 (subject to any Distribution Reserve), (b) their Pro Rata share of the Class 5 Net
18 Distributable Assets, (c) their Pro Rata share of the proceeds of the Easterday Family
19 Contribution Instruments, and (d) assignment of the North Lot Actions.

20 On or as soon as practicable after the Effective Date, Holders of Allowed Class
21 6 Claims (Segale) shall receive (a) their Pro Rata share of the Class 6 Initial Payment
22 (subject to any Distribution Reserve), (b) their Pro Rata share of the Class 6 Net
23 Distributable Assets, and (c) their Pro Rata share of the proceeds of the Easterday
24 Family Contribution Instruments.

25 The Debtors estimate that Holders of (i) Ranches General Unsecured Claims
26 shall receive approximately ~~[71]~~65.3% of their Allowed Class 4 Claim, (ii) Tyson
27 shall receive approximately ~~[28]~~23.6% of its Allowed Class 5 Claim, and (iii) Segale
28 ⁹¹¹ For the avoidance of doubt, such treatment applies to Segale's Allowed Claims
shall receive approximately ~~[41]~~34.5% of its Allowed Class 6 Claim. ⁹¹¹
against Ranches. Segale also has an Allowed Claim in Class 3 (Farms General

1 terminated on its terms and that to the extent the Debtors or FRI may have claims,
2 rights, or ongoing obligations to each other under the Temporary Lease Agreement
3 that survive the termination, such claims, rights, or ongoing obligations shall have
4 been fully and finally resolved at Confirmation such that any claims, rights or
5 ongoing obligations shall cease to exist on the Effective Date, and that the
6 Post-Effective Date Debtors shall not inherit any claims, rights, benefits, or Causes of
7 Action arising under, relating to, or in connection with the Purchase and Sale
8 Agreement.

9 Nothing in the Plan is intended to, nor shall be construed to, alter any of the
10 terms and conditions upon which the Sale Transaction was approved as set forth in
11 the Purchase and Sale Agreement or in any agreement referenced in or related to the
12 Purchase and Sale Agreement. Neither the Plan nor the Confirmation Order shall
13 limit or otherwise affect any of the Bankruptcy Court's findings, conclusions, orders,
14 and judgments as set forth in the Sale Order, and insofar as any of the protections
15 afforded FRI by the Sale Order conflict with or contradict certain terms and
16 conditions in the Plan or any findings, conclusions, orders or judgments in the
17 Confirmation Order, the Sale Order shall govern and control with respect to FRI.

18 Notwithstanding anything that may suggest otherwise in the Plan, the Plan
19 Supplement, any Schedule or Exhibit to either of the foregoing, or any other
20 document executed in connection with Confirmation or these Chapter 11 Cases,
21 neither the Post-Effective Date Debtors nor any Holder of any Claim or Interest shall
22 have any claim, cause of action, right or recourse against FRI or the FRI Assets on
23 account of or in connection with the Sale Transaction, the Purchase and Sale
24 Agreement, the Temporary Lease Agreement, or any other agreement or document
25 executed in connection with the consummation of the Sale Transaction between and
26 among FRI, the Debtors and the Easterday Family.

1 or appropriate to implement all provisions of, and to consummate, the Plan prior to,
2 on, and after the Effective Date and all such actions taken or caused to be taken shall
3 be deemed to have been authorized and approved by the Bankruptcy Court without
4 further approval, act, or action under any applicable law, order, rule, or regulation.
5 On the date the Confirmation Order becomes a Final Order, the Post-petition
6 Corporate Actions shall be deemed null and void and as never having had effect.

7 **C. Plan Administrator**

8 **1. Appointments**

9 On the Effective Date, the initial Plan Administrator shall be appointed. The
10 compensation of the Plan Administrator shall be agreed to by the Debtors and the
11 Settling Parties and disclosed prior to the Confirmation Hearing, provided that
12 regular hourly compensation shall be deemed acceptable in the absence of an
13 alternative agreement. The Plan Administrator may employ, without further order of
14 the Bankruptcy Court, legal counsel and other professionals as necessary to assist in
15 carrying out his duties and may compensate and reimburse the reasonable expenses
16 of those professionals without further order of the Bankruptcy Court in accordance
17 with the Plan and Plan Administrator Agreement.

18 **2. Vesting of Post-Effective Date Debtors' Assets**

19 On the Effective Date, the Post-Effective Date Debtors' will be automatically
20 vested with all of the Debtors' and the Estates' respective rights, title, and interest in
21 and to all Post-Effective Date Debtors' Assets.⁴⁰¹² Except as specifically provided in
22 the Plan or the Confirmation Order, the Post-Effective Date Debtors' Assets shall
23 automatically vest in the Post-Effective Date Debtors free and clear of all Claims,
24 Liens, or interests and such vesting shall be exempt from any stamp, real estate
25 transfer, other transfer, mortgage reporting, sales, use, or other similar tax. The Plan
26

27 ⁴⁰¹² For the avoidance of doubt, the Post-Effective Date Debtors' Assets do not
28 include the North Lot Actions.

1 their rights under the Abeyance and Suspense Order (Adv. Pro. No 22-80008, Docket
2 No. 39).

3 **D. Claims Estimation and Allowance of Claims**

4 There can be no assurance that the estimated Claim amounts set forth in this
5 Disclosure Statement are correct, and the actual amount of Allowed Claims may
6 differ significantly from the estimates. The estimated amounts are subject to certain
7 risks, uncertainties, and assumptions. Should one or more of these risks or
8 uncertainties materialize, or should underlying assumptions prove incorrect, the
9 actual amount of Allowed Claims may vary from those estimated herein.

10 **E. Tax Considerations**

11 There are several material income tax considerations, risks, and uncertainties
12 associated with consummation of the Plan. Holders of Claims, Holders of Interests,
13 and other interested parties should read carefully the discussion set forth in Article
14 IX for a discussion of certain U.S. federal income tax consequences of the
15 transactions contemplated under the Plan.

16 **VIII. CONFIRMATION OF THE PLAN**

17 **A. The Confirmation Hearing**

18 Bankruptcy Code section 1128(a) requires the Bankruptcy Court, after notice,
19 to hold a hearing regarding Confirmation of the Plan. Bankruptcy Code section
20 1128(b) provides that any party in interest may object to Confirmation of the Plan.

21 The Bankruptcy Court has scheduled the Confirmation Hearing to commence
22 on ~~July 19, 2022~~ July 19, 2022, at 10:00 10.m. (Pacific Time), before the
23 Honorable Whitman L. Holt, United States Bankruptcy Judge, in the United States
24 Bankruptcy Court for the Eastern District of Washington. The Confirmation Hearing
25 Notice, which sets forth the time and date of the Confirmation Hearing, has been
26 included along with this Disclosure Statement. The Confirmation Hearing may be
27
28

1 adjourned from time to time without further notice except for an announcement of
2 the adjourned date made at the Confirmation Hearing or any adjournment thereof.

3 Objections to Confirmation of the Plan must be Filed and served so that they
4 are actually received by no later than **[~~14~~10 calendar days prior to the**
5 **Confirmation Hearing] at 5:00 p.m. (Pacific Time). Unless objections to**
6 **Confirmation of the Plan are timely served and Filed in compliance with the**
7 **Disclosure Statement Order, they may not be considered by the Bankruptcy**
8 **Court.**

9 **B. Requirements for Confirmation of the Plan**

10 Among the requirements for the Confirmation of the Plan is that the Plan (i) is
11 accepted by all Impaired Classes of Claims, or, if rejected by an Impaired Class of
12 Claims, that the Plan “does not discriminate unfairly” and is “fair and equitable” as to
13 such Impaired Class of Claims; (ii) is feasible; and (iii) is in the “best interests” of
14 Holders of Claims.

15 At the Confirmation Hearing, the Bankruptcy Court will determine whether the
16 Plan satisfies the requirements of Bankruptcy Code section 1129. The Debtors
17 believe that: (i) the Plan satisfies or will satisfy all of the necessary statutory
18 requirements of chapter 11 of the Bankruptcy Code; (ii) the Debtors have complied
19 or will have complied with all of the necessary requirements of chapter 11 of the
20 Bankruptcy Code; and (iii) the Plan has been proposed in good faith. More
21 specifically, the Debtors believe that the Plan satisfies or will satisfy the following
22 applicable Confirmation requirements of Bankruptcy Code section 1129:

- 23 • The Plan complies with the applicable provisions of the Bankruptcy Code.
- 24 • The Debtors have complied with the applicable provisions of the
- 25 Bankruptcy Code.
- 26 • The Plan has been proposed in good faith and not by any means forbidden
- 27 by law.

- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment: (1) made before the Confirmation of the Plan is reasonable; or (2) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after Confirmation of the Plan.
- Either each Holder of a Claim in an Impaired Class of Claims has accepted the Plan, or each such Holder will receive or retain under the Plan on account of such Claim property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on the Effective Date of the Plan under chapter 7 of the Bankruptcy Code.
- The Classes of Claims that are entitled to vote on the Plan will have accepted the Plan, or at least one Class of Impaired Claims will have accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in that Class, and the plan does not “discriminate unfairly” and is “fair and equitable” with respect to each Class of Claims that is impaired under, and has not accepted, the Plan.
- Except to the extent a different treatment is agreed to, the Plan provides that all Allowed Administrative Claims and Allowed Priority Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable.
- All accrued and unpaid fees of the type described in 28 U.S.C. § 1930, including the fees of the U.S. Trustee, will be paid through the Effective Date.⁺⁺

C. Best Interests of Creditors

Often called the “best interests of creditors” test, Bankruptcy Code section 1129(a)(7) requires that a bankruptcy court find, as a condition to confirmation of a

~~⁺⁺ The United States Trustee contends that the Post-Effective Date Debtors should be responsible to file the post-confirmation reports and pay the fees due pursuant to 28 U.S.C. § 1930(a)(6) even after the Effective Date.~~

1 between four percent (4%) and nine percent (9%), far less than the
2 ~~seventy-one~~sixty-five percent (~~71~~65.3%) provided for under the Plan.

3 Further, outside of the Plan, the issue of substantive consolidation may create
4 risks for the Holders of Claims against Farms. While the outcome of any substantive
5 consolidation motion is uncertain, it would lead to substantial costs and delay any
6 recovery to the creditors, particularly the Holders of Claims against Farms.
7 Moreover, if substantive consolidation were granted, in light of the amount of the
8 Tyson Claims, recoveries by the Holders of Farms General Unsecured Claims in
9 Class 3 would be substantially reduced and could be as low as one percent (1%).

10 Conversion to chapter 7 of the Bankruptcy Code would also mean the
11 establishment of a new claims bar date, which could result in new General Unsecured
12 Claims being asserted against the Estates, thereby diluting the recoveries of other
13 Holders of Allowed Claims.

14 On balance, the Debtors believe that chapter 7 trustees would be less likely to
15 maximize the value available from all the Estate Assets. Therefore, the Debtors
16 believe that confirmation of the Plan will provide each Holder of an Impaired Claim
17 with an equal or greater recovery than such Holder would receive pursuant to the
18 liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

19 **D. Feasibility**

20 Bankruptcy Code section 1129(a)(11) requires that confirmation of the plan is
21 not likely to be followed by the liquidation, or the need for further financial
22 reorganization of the Debtors, or any successor to the Debtors (unless such
23 liquidation or reorganization is proposed in the plan). This requirement is satisfied
24 as the Plan specifically proposes a liquidation and the Debtors believe the Debtors'
25 Cash and any additional proceeds from the Post-Effective Debtors' Assets will be
26 sufficient to allow the Plan Administrator to make all payments required to be made
27 under the Plan. Accordingly, the Debtors believe that the Plan is feasible.

1 not occur, then (a) the Plan shall be null and void in all respects; and (b) nothing
2 contained in the Plan, and no acts taken in preparation for consummation of the Plan,
3 shall (i) constitute or be deemed to constitute a waiver or release of any Claims
4 against, or any Interests in, any Debtor, or any Causes of Action by or against any
5 Debtor or any other Person, (ii) prejudice in any manner the rights of any Debtor or
6 any other Person in any further proceedings involving a Debtor, or (iii) constitute an
7 admission of any sort by any Debtor or any other Person.

8 **IX. CERTAIN UNITED STATES FEDERAL**
9 **INCOME TAX CONSEQUENCES OF THE**
10 **PLAN TO HOLDERS OF ALLOWED CLAIMS**

11 **THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE**
12 **COMPLEX. ALL HOLDERS OF CLAIMS AGAINST THE DEBTORS**
13 **SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE**
14 **PARTICULAR TAX CONSEQUENCES TO THEM OF THE**
15 **TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE**
16 **APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN**
17 **TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS.**

18 ~~The following discussion summarizes certain U.S. federal income tax~~
19 ~~consequences of the Plan to the U.S. Holders (as defined below) of (i) “Secured~~
20 ~~Claims” (i.e., those Allowed Claims described in Class 1 Secured Claims), and (ii)~~
21 ~~“Unsecured Claims” (i.e., those Allowed Claims described in Class 3: Farms General~~
22 ~~Unsecured Claims Class 4: Ranches General Secured Claims, Class 5: Tyson Claims~~
23 ~~and Class 6: Segale Claims). This discussion is provided for~~
24 ~~informational~~information purposes only, and is based on provisions of the Internal
25 Revenue Code of 1986, as amended (the “~~Tax Code~~IRC”), ~~the~~ Treasury
26 ~~regulations~~Regulations promulgated thereunder, judicial ~~authority~~authorities, and
27 current administrative rulings and practice, all as in effect ~~as of~~on the date hereof ~~and~~

1 ~~all of which are subject to change, possibly with retroactive effect. Events subsequent~~
2 ~~to the date of this Disclosure Statement, such as the enactment of additional tax~~
3 ~~legislation, court decisions. Legislative, judicial, or administrative changes, or~~
4 ~~interpretations enacted or promulgated after the date hereof could alter or modify the~~
5 ~~discussion set forth below with respect to the United States federal income tax~~
6 ~~consequences of the Plan. Any such changes or interpretations may be retroactive~~
7 ~~and could significantly, and adversely, affect the U.S. United States federal income~~
8 ~~tax consequences of the Plan and the transactions contemplated thereunder. No~~
9 ~~representations are being made regarding the particular tax consequences of the Plan~~
10 ~~to any specific Holder of a Claim. The Debtors will not seek a ruling from the~~
11 ~~Internal Revenue Service (the “IRS”) and have not obtained an opinion of counsel~~
12 ~~regarding any tax consequences of the Plan to the Debtors or any Holder of a Claim.~~
13 ~~No assurances can be given that the IRS would not assert, or that a court would not~~
14 ~~sustain, a different position from any discussed herein. This discussion only~~
15 ~~addresses U.S. federal income tax consequences and does not address any other U.S.~~
16 ~~federal tax consequences (such as estate and gift tax consequences), or the tax~~
17 ~~consequences arising under the laws of any foreign, state, local or other jurisdiction~~
18 ~~or any income tax treaty. The Debtors intend to treat, and this discussion assumes~~
19 ~~that, the Secured Claims will be treated for U.S. federal income tax purposes in~~
20 ~~accordance with their form and as interests in the Debtors “solely as a creditor” for~~
21 ~~purposes of section 897 of the Tax Code to~~ Holders of Allowed Claims.

22 This discussion does not address any U.S. federal income tax consequences to
23 a beneficial owner of a Secured Claim or an Unsecured Claim that is not a U.S.
24 Holder (a “Non-U.S. Holder”). Non-U.S. Holders should consult their own
25 independent tax advisors regarding the U.S. federal income tax consequences of the
26 implementation of the Plan, including whether Non-U.S. Holders may be subject to
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1 ~~any U.S. federal withholding tax or U.S. federal income tax with respect to any~~
2 ~~payment on Secured Claims or Unsecured Claims.~~

3 ~~This discussion does not describe all of the tax consequences that may be~~
4 ~~relevant in light of a U.S. Holder's particular circumstances, including, but not~~
5 ~~limited to, the potential application of provisions of the Tax Code known as the~~
6 ~~unearned income Medicare contribution tax, or tax consequences applicable to~~
7 ~~Holders of Secured Claims or Unsecured Claims that are otherwise subject to special~~
8 ~~treatment under the Tax Code, such as: financial institutions; banks; broker-dealers;~~
9 ~~insurance companies; tax-exempt organizations; retirement plans or other~~
10 ~~tax-deferred accounts; mutual funds; real estate investment trusts; traders in~~
11 ~~securities that elect mark-to-market treatment; persons subject to the alternative~~
12 ~~minimum tax; persons who hold or will hold Secured Claims, or Unsecured Claims~~
13 ~~as part of a hedge, straddle, constructive sale, conversion or other integrated~~
14 ~~transaction; persons that have a functional currency other than the U.S. dollar; U.S.~~
15 ~~Holders who hold or will hold Secured Claims or Unsecured Claims through~~
16 ~~non-U.S. brokers or other non-U.S. intermediaries; governments or governmental~~
17 ~~organizations; partnerships or other pass-through entities or holders of interests~~
18 ~~therein; persons required to accelerate the recognition of any item of gross income~~
19 ~~with respect to the Secured Claims as a result of such income being recognized on an~~
20 ~~“applicable financial statement” (within the meaning of section 451(b) of the Tax~~
21 ~~Code); holders that are related persons with the Debtors under section 267 of the Tax~~
22 ~~Code; and holders not entitled to vote on the Plan. If an entity that is classified as a~~
23 ~~partnership for U.S. federal income tax purposes holds or will hold Secured Claims~~
24 ~~or Unsecured Claims, the U.S. federal income tax treatment of a partner will~~
25 ~~generally depend on the status of the partner and the activities of the partnership.~~
26 ~~Partnerships holding or that will hold Secured Claims or Unsecured Claims and~~
27 ~~partners in such partnerships should consult their tax advisors as to the particular~~
28

~~U.S. federal income tax consequences of owning and disposing of Secured Claims or Unsecured Claims.~~

The following summary is limited to Holders of Allowed Claims that are United States persons within the meaning of the IRC. For purposes of ~~this~~the following discussion, a “~~U.S. Holder~~” is a ~~beneficial owner of a Secured Claim or an Unsecured Claim that is, for U.S. federal income tax purposes~~United States person” is any of the following:

- ~~an~~An individual who is a ~~U.S.~~ citizen or ~~U.S.~~ resident ~~alien~~of the United States;
- ~~a~~A corporation, ~~or other entity taxable as a corporation for U.S. federal income tax purposes, that was~~ created or organized ~~in or~~ under the laws of the United States, or any state or political subdivision thereof ~~or the District of Columbia~~;
- ~~an~~An estate, the income of which is subject to ~~U.S.~~United States federal income taxation regardless of its source; or
- ~~a~~A trust that (a) ~~the administration of which~~ is subject to the primary supervision of a ~~U.S.~~United States court and ~~that~~which has one or more United States ~~persons that~~fiduciaries who have the authority to control all substantial decisions of the trust or (b) ~~that~~ has ~~made~~ a valid election in effect under applicable Treasury ~~regulations~~Regulations to be treated as a United States person.

~~THE FOLLOWING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER. ALL HOLDERS OF SECURED CLAIMS OR UNSECURED CLAIMS SHOULD CONSULT THEIR OWN INDEPENDENT TAX ADVISORS FOR THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.~~

~~IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, Holders of Claims and Interests are hereby notified that any discussion of U.S. federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by Holders of Claims and Interests for the purpose of avoiding penalties that may be imposed on them under the IRC.~~

This discussion does not address all aspects of United States federal income taxation that may be relevant to a particular Holder of an Allowed Claim in light of such Holder's particular facts and circumstances, or to certain types of Holders subject to special treatment under the IRC. Examples of Holders subject to special treatment under the IRC include, without limitation, governmental entities and entities exercising governmental authority, foreign companies, persons who are not citizens or residents of the United States, banks and certain other financial institutions, broker-dealers, insurance companies, tax-exempt organizations, real estate investment trusts, small business investment companies, regulated investment companies, persons that have a functional currency other than the United States dollar, and persons holding Claims that are a hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale, or conversion transaction. This discussion does not address the state, local, or foreign tax consequences of the Plan with respect to any Holder. Partnerships holding Allowed Claims and partners in such partnerships should consult their tax advisors as to the particular United States federal income tax consequences of owning and disposing of Allowed Claims.

The tax treatment of Holders of Allowed Claims and the character, amount, and timing of income, gain, or loss recognized as a consequence of the Plan and the Distributions provided for by the Plan may vary depending upon a number of factors, including without limitation: (i) whether the Claim or portion thereof constitutes a

1 Claim for principal or interest; (ii) the type of consideration, if any, received by the
2 Holder in exchange for the Claim, and whether the Holder receives Distributions
3 under the Plan in more than one taxable year; (iii) whether the Holder is a citizen or
4 resident of the United States for tax purposes, is otherwise subject to United States
5 federal income tax on a net basis, or falls into any special class of taxpayers, such as
6 those that are excluded from this discussion as noted above; (iv) the manner in which
7 the Holder acquired the Claim; (v) the length of time that the Claim has been held;
8 (vi) whether the Claim was acquired at a discount; (vii) whether the Holder has taken
9 a bad debt deduction or a worthless securities deduction with respect to the Claim or
10 any portion thereof in the current or prior taxable years; (viii) whether the Holder has
11 previously included in gross income accrued but unpaid interest with respect to the
12 Claim; (ix) the method of tax accounting of the Holder; (x) whether the Claim is an
13 installment obligation for United States federal income tax purposes; and (xi)
14 whether the “market discount” rules apply to the Holder. Therefore, each Holder
15 should consult such Holder’s own tax advisor for tax advice with respect to that
16 Holder’s particular situation and circumstances, and the particular tax consequences
17 to such Holder of the transactions contemplated by the Plan.

18 A significant amount of time may elapse between the date of the Disclosure
19 Statement and the receipt of a final Distribution under the Plan. Events occurring
20 after the date of the Disclosure Statement, such as new or additional tax legislation,
21 court decisions, or administrative changes, could affect the United States federal
22 income tax consequences of the Plan and the transactions contemplated thereunder.
23 No ruling has been or will be sought from the Internal Revenue Service (“IRS”) or
24 any other taxing authority with respect to any of the tax aspects of the Plan, and no
25 opinion of counsel has been or will be obtained by the Debtor with respect thereto.
26 No representations are being made regarding the particular tax consequences of
27 confirmation or implementation of the Plan as to any Holder of a Claim. This
28

discussion is not binding upon the IRS or other taxing authorities. The IRS or another taxing authority could assert, and a court sustain, a different position from any discussed herein and no assurance is given as to whether such a different position will or will not be asserted.

A. Certain ~~U.S. Federal Income~~ Tax Consequences to ~~U.S.~~ Holders of Secured Allowed Claims

1. — Taxable Exchange

~~Each U.S.~~

A Holder of ~~a Secured~~ an Allowed Claim ~~should~~ will generally recognize gain or loss ~~in a taxable exchange of its Claim~~ equal to the difference between ~~(x) the sum of (a) the~~ the Holder's adjusted basis in its Allowed Claim and the amount realized by the Holder in respect of its Allowed Claim. Over time and on a cumulative basis, the amount realized generally will equal the aggregate amount of ~~any~~ the Cash ~~received by such U.S. Holder~~ (and (b) the fair market value of any property received by such U.S. Holder for such Claim (excluding in the case of (a) and (b), if any) distributed to the Holder by the Plan Administrator, less the amount, if any, attributable to accrued but unpaid interest on such Claim, which amount will be taxable as described below), and (y) such U.S. Holder's adjusted basis, if any, in such Claim. Whether such.

The character of any gain or loss ~~is capital or ordinary in character~~ recognized by a Holder will ~~be determined by~~ depend upon a number of factors, including the ~~tax~~ status of the ~~U.S.~~ Holder, the nature of the ~~Secured~~ Allowed Claim in ~~such U.S.~~ the Holder's hands, whether ~~such~~ the Allowed Claim was purchased at a discount, whether ~~there is any accrued but unpaid interest on such Claim, and whether~~ and to what extent the ~~U.S.~~ Holder has previously ~~has~~ claimed a bad debt deduction with respect to ~~such Claim. See Sections IX.A.2 and IX.A.3 of this Disclosure Statement entitled "Accrued Interest" and "Market Discount."~~

1 **~~2.~~—Accrued Interest**

2 ~~To the extent that any amount received by a U.S.~~ the Allowed Claim, and the
3 Holder's holding period of the Allowed Claim. If the Allowed Claim in the Holder's
4 hands is a capital asset, the gain or loss realized will generally be characterized as a
5 capital gain or loss. Such gain or loss will constitute long-term capital gain or loss if
6 the Holder ~~of a Secured~~ held such Allowed Claim ~~is attributable to accrued but unpaid~~
7 ~~interest on the debt instruments constituting~~ for longer than one year or short-term
8 capital gain or loss if the Holder held such ~~surrendered~~ Allowed Claim, ~~the receipt of~~
9 ~~such amount should be~~ for one year or less. Any capital loss realized generally may
10 be used by a corporate Holder only to offset capital gains and by an individual
11 Holder only to the extent of capital gains plus a certain limited statutorily proscribed
12 amount of ordinary income in any single taxable ~~to the U.S. Holder as~~ year, currently
13 \$3,000.

14 A Holder of an Allowed Claim will generally recognize ordinary interest
15 income ~~(to the extent not already taken into income by the U.S. Holder). Conversely,~~
16 ~~a U.S. Holder of a Secured Claim may be able to recognize a deductible loss (or,~~
17 ~~possibly, a write-off against a reserve for worthless debts~~ that the amount of Cash or
18 property received (or deemed received) ~~to~~ under the ~~extent~~ Plan is attributable to
19 interest ~~that any accrued interest on a Allowed Claim but~~ was not previously paid by
20 the Debtors or included in ~~the U.S. Holder's gross income but was not paid in full by~~
21 ~~the Debtors. Such loss may be ordinary, but the tax law is unclear on this point.~~

22 ~~If the fair market value of the consideration~~ by the Holder of the Allowed
23 Claim. If the amount paid to a Holder is not sufficient to fully satisfy all principal
24 and interest on a ~~Secured~~ Claim, the extent to which such consideration will be
25 attributable to accrued but unpaid interest is ~~unclear~~ not entirely clear. Under the Plan,
26 the aggregate consideration to be distributed to ~~U.S.~~ Holders of ~~Secured~~ Allowed
27 Claims will be allocated first to the principal amount of such Claims, with any excess
28

1 allocated to unpaid interest that accrued on such Claims, if any. Certain legislative
2 history indicates that an allocation of consideration as between principal and interest
3 provided in a chapter 11 plan of reorganization is binding for ~~U.S.~~United States
4 federal income tax purposes, and certain case law generally indicates that a final
5 payment on a distressed debt instrument that is insufficient to repay outstanding
6 principal and interest will be allocated to principal, rather than interest, while certain
7 Treasury regulations treat payments as allocated first to any accrued but unpaid
8 interest. The IRS could take the position that the consideration received by a ~~U.S.~~
9 Holder of a ~~Secured~~an Allowed Claim should be allocated in a manner other than as
10 provided in the Plan, which could include allocating consideration first to any
11 accrued but unpaid interest under the aforementioned Treasury regulations.

~~U.S. HOLDERS SHOULD CONSULT THEIR OWN INDEPENDENT
TAX ADVISORS CONCERNING THE ALLOCATION OF CONSIDERATION
RECEIVED IN SATISFACTION OF THEIR SECURED CLAIMS AND THE
FEDERAL INCOME TAX TREATMENT OF ACCRUED BUT UNPAID
INTEREST.~~

~~3.—Market Discount~~

~~In general, a debt instrument is considered to have been acquired with “market
discount” if it is acquired other than on original issue and if its holder's adjusted tax
basis in the debt instrument is less than the sum of all remaining payments to be
made on the debt instrument, excluding “qualified stated interest.” In general,
“qualified stated interest” is interest unconditionally payable at least annually at a
fixed stated rate in the form of cash or certain property. Any gain recognized by a
U.S. Holder on the taxable disposition of a Secured Claim that had been acquired
with market discount should be treated as ordinary income to the extent of the market
discount that accrued thereon while such Claim was considered to be held by the U.S.~~

1 ~~Holder (unless the U.S. Holder elected to include market discount in income as it~~
2 ~~accrued).~~

3 ~~U.S. HOLDERS SHOULD CONSULT THEIR OWN INDEPENDENT~~
4 ~~TAX ADVISORS CONCERNING THE APPLICATION OF THE MARKET~~
5 ~~DISCOUNT RULES TO THEIR CLAIMS.~~

6 ~~B. — Certain U.S. Federal Income Tax Consequences to U.S. Holders of~~
7 ~~Unsecured Claims~~

8 ~~Pursuant~~

9 A Holder of an Allowed Claim who receives, in respect of the Holder's
10 Allowed Claim, an amount that is less than that Holder's tax basis in such Allowed
11 Claim may be entitled to a bad debt deduction under IRC Section 166(a). The rules
12 governing the character, timing, and amount of a bad debt deduction place
13 considerable emphasis on the facts and circumstances of the Holder, the obligor, and
14 the instrument with respect to which a deduction is claimed. Holders of Allowed
15 Claims, therefore, are urged to consult their tax advisors with respect to the Plan, a
16 Uability to take a bad debt deduction.~~S. A Holder of an Unsecured Claim will be~~
17 ~~treated as exchanging such Claim on the Effective Date for Cash in a taxable~~
18 ~~transaction. A U.S. that has previously recognized a loss or deduction in respect of~~
19 ~~that Holder of an Unsecured's Allowed Claim will recognize income, gain or loss~~
20 ~~equal to the difference between (x) the Cash received by such U.S. Holder for such~~
21 ~~Claim and (y) may be required to include in gross income any amounts received under~~
22 ~~the Plan to the extent such amounts exceed the U.S. Holder's adjusted tax basis, if~~
23 ~~any, in such Allowed Claim surrendered in the exchange. The U.S. federal income~~
24 ~~tax consequences to such a U.S. Holder arising from such exchange will depend, in~~
25 ~~part, on (i) whether the U.S. Holder reports income on the accrual or cash method of~~
26 ~~accounting.~~

1 A Holder of an Allowed Claim constituting an installment obligation for
2 U.S. United States federal income tax purposes, ~~(ii) whether the U.S. Holder has~~
3 ~~taken a bad debt deduction with respect to such Claim, and (iii) whether such~~
4 ~~income, gain or loss is capital or ordinary in character~~ may be required to currently
5 recognize any gain remaining unrecognized with respect to such obligation if,
6 pursuant to the Plan, the obligation is considered to be satisfied at other than face
7 value or distributed, transmitted, sold, or otherwise disposed of within the meaning
8 of IRC Section 453B.

9 **B. ~~1.~~ Disputed Ownership Funds**

10 Subject to definitive guidance from the IRS or a court of competent
11 jurisdiction to the contrary, or the receipt of a determination by the IRS, the Plan
12 Administrator intends to (i) treat Post-Effective Date Debtors' Assets reserved for
13 Holders of Disputed Claims, Contingent Claims or Unliquidated Claims with respect
14 to the Post-Effective Date as one or more reserves ("Distribution Reserves") held in a
15 "disputed ownership fund" governed by Treasury regulation section 1.468B-9 (which
16 fund will be taxable as a "qualified settlement fund" if all assets ~~of~~ transferred to the
17 ~~disputed reserve fund~~ are passive investment assets for tax purposes and otherwise
18 will be taxable as a C corporation), and (ii) to the extent permitted by applicable law,
19 report consistently with the foregoing for state and local income tax purposes. All
20 parties (including, without limitation, the Post-Effective Date Debtors, the Plan
21 Administrator, and the Holders of Disputed Claims, Contingent Claims and
22 Unliquidated Claims) will be required to report for tax purposes consistently with
23 such treatment. Accordingly, each ~~Disputed Claims~~ Distribution Reserve will be a
24 separate taxable entity for U.S. United States federal income tax purposes, and all
25 interest and earnings of a Distribution ~~Reserves~~ Reserve will be taxable to such entity.

26 Under such treatment, a separate U.S. United States federal income tax return
27 will be filed with the IRS for each Distribution Reserve, and each Distribution
28

1 Reserve will be subject to tax annually on a separate entity basis. The Plan
2 Administrator will be responsible for payment of any taxes imposed on each
3 Distribution Reserve. Accordingly, distributions from each Distribution Reserve will
4 be net of any taxes relating to the retention, disposition and distribution of assets in
5 such Distribution Reserve. In the event, and to the extent of, any ~~Cash~~cash of a
6 Distribution Reserve is insufficient to pay the portion of any such taxes attributable
7 to the taxable income arising from the assets of such Distribution Reserve (including
8 any income that may arise upon the distribution of the assets in such Distribution
9 Reserve), assets of ~~each~~such Distribution Reserve may be sold to pay such taxes.

10 **C. Backup Withholding ~~and Information Reporting~~**

11 Under ~~the Tax Code, interest and other reportable payments may, under certain~~
12 ~~circumstances,~~backup withholding rules, a Holder of an Allowed Claim may be
13 subject to backup withholding, ~~currently at the rate of 24%. Backup withholding may~~
14 ~~apply with respect~~ to payments made pursuant to the Plan, unless ~~the U.S.~~such
15 Holder ~~provides to the applicable withholding agent its:~~ (i) is a corporation or is
16 otherwise exempt from backup withholding and, when required, demonstrates this
17 fact; or (ii) provides a correct taxpayer identification and certifies under penalty of
18 perjury that (a) the taxpayer identification number, ~~certified under penalties of~~
19 ~~perjury, as well as certain other information or otherwise establishes an exemption~~
20 ~~from backup withholding. Backup withholding is not an additional tax. Amounts~~
21 ~~withheld under the~~ is correct and (b) the Holder is not subject to backup withholding
22 because of failure to report all dividend and interest income. Any amount withheld
23 under such rules ~~may~~will be credited against ~~a U.S.~~the Holder's ~~U.S.~~ federal income
24 tax liability, ~~and a U.S. Holder may obtain a refund of any excess amounts withheld~~
25 ~~under the backup withholding rules by filing an appropriate claim for refund with the~~
26 ~~IRS.~~

1 ~~In addition, information reporting may apply to (i) payments made to a U.S.~~
2 ~~Holder of a Secured Claim or an Unsecured Claim and (ii) certain transactions under~~
3 ~~the Plan that result in a U.S. Holder claiming a loss in excess of specified thresholds.~~
4 ~~U.S. Holders are urged to consult their tax advisors regarding these Treasury~~
5 ~~regulations and whether the transactions contemplated by the Plan would be subject~~
6 ~~to these Treasury regulations and require disclosure on the Holders' tax returns.~~

7
8 **U.S.**

9 **D. Importance of Obtaining Professional Tax Assistance**

10 **THE FOREGOING DISCUSSION IS: (I) INTENDED ONLY AS A**
11 **SUMMARY OF CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN**
12 **TO HOLDERS OF ALLOWED CLAIMS; (II) NOT A SUBSTITUTE FOR**
13 **CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL; AND (III) FOR**
14 **INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE**
15 **TAX CONSEQUENCES TO EACH HOLDER ARE IN MANY CASES**
16 **UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S**
17 **PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS**
18 **SHOULD ARE STRONGLY URGED TO CONSULT THEIR OWN**
19 **INDEPENDENT WITH SUCH HOLDERS' TAX ADVISORS**
20 **CONCERNING REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND**
21 **FOREIGN INCOME TAX CONSEQUENCES OF RECEIVING ANY**
22 **DISTRIBUTIONS UNDER THE PLAN.**

23 **X. RECOMMENDATION**

24 The Debtors believe that confirmation and implementation of the Plan are the
25 best alternative under the circumstances and urge all Impaired Creditors entitled to
26 vote on the Plan to vote in favor of and support confirmation of the Plan.
27
28

1
2 Submitted by:

3 Dated: May ~~14~~24, 2022

BUSH KORNFELD LLP

4 /s/ Thomas A. Buford, III

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